

A HISTORY OF
THE DETROIT
STREET RAILWAYS

GRAEME O'GERAN



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of the
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by

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*A dissertation submitted in partial fulfillment of the requirements for the
Degree of Doctor of Philosophy at the University of Michigan*



With an introduction by

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TO
MY MOTHER
EVA GRAHAM O'GERAN

PREFACE

I have told here the story of the Detroit Street Railways, from their inception to January 1, 1930, indicating the main events in their growth and the forces which have influenced their history. The book is divided into four parts: Part I, The Origin and Early Development of the Detroit Street Railways; Part II, The Period of Contention and Consolidation; Part III, The Struggle for Municipal Ownership; and Part IV, Municipal Ownership of Street Railways. The chief sources of information for the first and second parts were five volumes of typewritten newspaper extracts entitled, "*A Newspaper History of the Detroit Street Railway System*"; the data for the third part were drawn from seven newspaper scrap-books, supplemented by public documents and reports; the material for the fourth part was taken chiefly from newspaper files. The volume and page references given in the footnotes refer to the "*Newspaper History of the Detroit Street Railway System*."

The history was begun at the suggestion of Senator James Couzens, who while Mayor of Detroit secured for that city a municipally owned street railway system. I am greatly indebted to Dr. U. B. Phillips, professor of history at the University of Michigan, for kindly, scholarly criticism, which has saved me from many errors. Grateful acknowledgment is

likewise due Professor H. E. Riggs, of the College of Engineering of the University of Michigan, for the loan of valuable documents and the critical reading of the manuscript in its entirety. Indebtedness must be expressed also to the following: Dr. Richard T. Ely of Northwestern University; Honorable Newton D. Baker of Cleveland, Ohio; Jere C. Hutchins, former president of the D. U. R.; John C. Lodge, Mayor of Detroit; A. E. Peters, of the D. U. R.; and Delos F. Wilcox, for valuable information. I should also like to express my gratitude to W. S. Gilmore, and to Dr. A. M. Smith, managing editor and staff correspondent, respectively, of the *Detroit News*, through whose courtesy illustrations and maps were made available; and to Arthur J. Lacy for his valuable collaboration in the production of this volume. I have appreciated the unusual accommodations afforded by the Transportation Library of the University of Michigan, and my sincere thanks are extended to its staff through whose consideration its resources have been put at my disposal. For the information contained in the final chapter of this book, and maps, charts and statistical data, I am deeply indebted to Del A. Smith, general manager of the Detroit Street Railway, and to Corporation Counsel Clarence E. Wilcox, who was associated with Senator Couzens in his fight against the Detroit United Railway. Sincere thanks are due to Miss Louise Rau, Assistant Editor of the Burton Historical Collection, for her valuable work in preparing the index of this volume, and to Adam

Strohm, Librarian of the Detroit Public Library, for his co-operation. It remains to say that in the comparing of written and typewritten manuscripts my Mother has given helpful and untiring aid.

GRAEME O'GERAN.

Syracuse, N. Y., May, 1930.

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INTRODUCTION

The story of public transportation in American cities is one of compelling interest, which is well worth recording. To those who, like the writer, have seen all of the phases of municipal transportation, the horse car, the cable railway, the electric car, and the modern motor bus; and who have been sufficiently near the inside to know of the promotion, construction, consolidation and competition which have been common to every city system, Professor O'Geran's history of public transportation in Detroit will have special interest.

This book is the story of the development of the transportation agency of a great city, of a long battle between public authority and the private interests which had undertaken to furnish the service, and of the development and growth of the idea of public ownership.

The Detroit street railway in 1930 is the largest system in the world under public ownership. While it cannot be said that the experiment has gone far enough to demonstrate the complete success of the idea, it has given abundant proof that public ownership is not a failure. The writer has never been an advocate of public ownership, and is not at present, but he has watched the particular experiment with great interest, and has become wholly persuaded

that under conditions as they have been since the war, no privately owned agency could have done as well.

The Department of Street Railways has been operating the property under the most adverse conditions. Competition such as was never dreamed of in the old days exists in the form of privately owned and operated motor vehicles, tens of thousands of them, carrying not only the owners, but thousands of the fellow workers and friends of the owners, who otherwise would be patrons of the street railway. Congestion of surface traffic in down town streets has brought about extremely difficult operating conditions and has resulted in a system of traffic regulation by means of lights which has not only slowed the movement of street cars, but which makes it impossible to provide fast schedules on any lines of the system on sections of track several miles in extent.

The obvious remedy for this condition, subways, has not been accepted by the taxpayers. Many different schemes and plans have been under consideration, but up to the present no definite relief has been forthcoming, nor is it in sight at the present time.

The supreme handicap under which operating officials have been working is the charter requirement of the City of Detroit which compels the department to provide a sinking fund to pay the entire principal of all capital obligations out of the earnings. The extent of this handicap is shown by the following table:

Daily Charges for Interest and Sinking Fund on Obligations Outstanding Dec. 1st, 1923

Date	Daily Interest	Daily Sinking Fund	Total
Dec. 1, 1922	\$5,107.26	\$6,827.95	\$11,935.21
Dec. 1, 1923	5,164.44	6,827.95	11,992.39
Dec. 1, 1924	4,984.57	6,827.95	11,812.52
Dec. 1, 1925	4,804.71	6,827.95	11,632.66
Dec. 1, 1926	4,624.84	6,827.95	11,452.79
Dec. 1, 1927	4,444.97	6,827.95	11,272.92
Dec. 1, 1928	4,265.10	6,827.95	11,093.05
Dec. 1, 1929	4,085.23	6,827.95	10,913.18
Dec. 1, 1930	3,905.36	6,827.95	10,733.31

This is a burden far in excess of fixed capital charges borne by any privately owned company. The purchase contract carried a yearly interest rate of 6% and the entire cost of this contract to be paid by Dec. 31, 1931.

On Dec. 31, 1931, the Department of Street Railways will have payments on principal and interest, on the remaining part of the indebtedness existing in 1923 of

Daily Interest	Daily Sinking Fund	Total
\$2,479.46	\$1,930.64	\$4,410.10

When this handicap, averaging \$7,000 per day, or more than \$2,450,000 per year over the last eight years, is taken into account, as it must be when comparing the public operation of street railways in Detroit with private operation elsewhere, the result is wholly favorable to public operation. In no other city has there been such a showing of abundant serv-

ice (car miles per mile of track) sustained patronage (revenue passengers per car mile), good maintenance, and with it all a payment of nearly twenty million dollars principal and excessive interest on capital indebtedness, all on a six-cent fare.

EXTENT OF SERVICE

Passenger Car Miles per Mile of Track

	Year 1920	Year 1925	Year 1928
Detroit.....	163,326	126,232	113,069
Cleveland.....	99,073	81,768	76,650
Baltimore.....	88,748	88,070	81,892
St. Louis.....	102,919	97,312	95,766
Kansas City.....	77,642	77,165	78,305
St. Paul-Minneapolis.....	63,405	59,013	56,262

EXTENT OF PATRONAGE

Revenue Passengers per Car Mile

	Year 1920	Year 1925	Year 1928
Detroit.....	7.45	7.00	6.98
Cleveland.....	8.02	8.10	7.58
Baltimore.....	6.83	6.28	6.07
St. Louis.....	6.34	6.36	6.01
Kansas City.....	5.23	5.08	4.44
St. Paul-Minneapolis.....	8.05	6.82	5.94

Any extended study of statistics of American street railway operation in comparable American cities compels the admission that the showing in Detroit is truly a remarkable one.

The history of American transportation has been a history of constant changes. New methods have been

developed, put in use, and abandoned for better ones. Changes in habits of life and in the condition of the American people living in cities have been such in recent years, as to raise the question as to whether public transportation agencies can continue to exist at all. This volume tells the story so far as Detroit is concerned.

No one can predict the future with any degree of confidence, but a careful study of public transportation in Detroit leads very definitely to the conclusion that James Couzens was right in his belief that if such service was to continue it must be given by a publicly owned agency. A further definite conclusion is inevitable and that is that the street railway commission and the operating officers in charge of the property have done wonderfully well in spite of most heart-breaking financial handicaps and a congestion of traffic and an uncontrolled competition that would have wrecked a privately owned utility.

HENRY E. RIGGS.

Ann Arbor, Mich., May 2, 1930

PART I

THE ORIGIN AND EARLY DEVELOPMENT OF THE DETROIT STREET RAILWAYS

CHAPTER I

THE DETROIT CITY RAILWAY

THE FIRST YEAR

CHARTER—CORPORATE OFFICERS—The Detroit City Railway was incorporated May 12, 1863, to operate a street railway in the City of Detroit under an ordinance passed November 24, 1862, by the City of Detroit. The franchise was granted to Cornelius Bushnell, John A. Griswold, Nehemiah D. Sperry, and Eber N. Wilcox, and by them assigned to the company. The ordinance empowered the company “to construct and operate railways on and through Jefferson, Michigan, and Woodward Avenues; Withereil, Gratiot, Grand River, and Brush or Beaubien Streets; and from Jefferson Avenue, through Brush or Beaubien Streets to Atwater Street, and from Jefferson Avenue, at its intersection with Woodbridge Street to Third Street, up Third Street to Fort Street; and through Fort Street to the Western limits of the city; and through such other streets and avenues in said city, as may, from time to time be fixed and determined by vote of the common council of the said City of Detroit, and assented to in writing by said corporation.”¹ It prescribed that the cars be run by animal power not to exceed six miles per hour. The

¹*Detroit United Lines*, Vol. 1 pp. 72, 73.

company was not required to run cars oftener than every twenty minutes, fifteen hours a day from April 15, to October 15, and twelve hours per day the remainder of the year. It stipulated a fare of five cents on each line operated.²

Immediately after the granting of the ordinance, the incorporators met and chose their officials for the ensuing year: James J. Belden, president; E. N. Wilcox, secretary; L. H. Hiscock, treasurer. The directors elected were T. T. Davis, Austin Meyers, L. H. Hiscock, Nathan Randall, and F. Hiscock.³

TRACK CONSTRUCTION—After delays in procuring crossties, construction was begun on June 30, 1863, on Jefferson Avenue near the corner of Bates Street. A crew of twenty-five men comprised the labor force that first day, but was doubled the following day,⁴ and the work went forward rapidly, for the crew could lay a mile of track per week. The track was laid in the middle of the street and switches placed at convenient intervals, making it possible for cars to run every eight minutes each way.⁵ The track, similar to that first used on steam railroads, was very different from what is found on modern city streets. It "consisted merely of two-inch square bar iron, spiked to a four-inch square wooden stringer, laid on three by eight inch oak ties six and one-half feet long, laid four feet apart,

²*The Detroit Free Press*, (July 16, 1863). Vol. 1 p. 15.

³*Detroit Advertiser and Tribune*, (May 11, 1863). Vol. 1, p. 11.

⁴*The Detroit Free Press*, (July 1, 1863). Vol. 1. p. 12.

⁵*The Detroit Free Press*, (July 1, 1863). Vol. 1. p. 12.

this entire construction resting on a two-inch bed of cinders, and cinders were also around the ties and brought up flush with the top of the rail." This enabled wagons to cross the tracks, and likewise provided a footing for the horses.⁶ With the small light cars in use at that time, this type of construction was adequate. Later, when heavier rolling stock was used, it caused these rails to turn over, throwing the cars off the tracks; and as a result new types of rail were substituted.⁷

FIRST RIDE—The last day of July two cars arrived, and on August 1, city officials, press representatives, and a number of prominent citizens made the first trip over the Jefferson Avenue line. At 6:30 in the evening, three carloads left the corner of Jefferson and Randolph Streets and soon arrived at Elmwood Avenue where a short stop was made before commencing the return trip to the city. Everything worked well, and on August 3, the three-mile stretch of completed road was officially opened,⁸ with free rides that day for all passengers, while men, women and children thronged the sidewalks of Jefferson and Woodward Avenues nearly to Randolph Street.⁹ The four coaches were lined up ready to receive the first passengers. In excited anticipation the people swarmed aboard. In the eyes of one observer, the cars "were beautiful specimens of workmanship. Although much

⁶*The Detroit Free Press*, (August 29, 1912).

⁷*The Detroit News* (September 6, 1912.)

⁸*The Detroit Free Press*, (August 3, 1863). Vol. 1. pp. 23, 24.

⁹*Detroit Advertiser and Tribune* (August 4, 1863). Vol. 1. p. 26.

smaller in size, their general external appearance was not unlike that of the common railway passenger cars. The cars are comparatively light, having four wheels, and being placed upon good substantial springs. They are large and airy; the inside finished in maple, with beautiful cushioned seats at each side running the entire length, with a wide aisle in the center, sufficient for the accommodation of parties passing to and fro without interfering in the least with the passengers who may be seated. The platforms at each end are roomy, and the steps leading thereto are sufficiently low, in order that passengers may get on the cars without fear of falling off. At each side of the platform are placed leather straps, with fastenings, to prevent children from falling, or to guard against passengers jumping on while the cars are in motion. Attached to signal bells at either end of the cars is a strap running through the car by which passengers might signal the driver to stop at any particular locality. The doors at each end, unlike those of the general railway carriages, are made to slide instead of opening upon hinges.”¹⁰

CONSTRUCTION COMPLETED—On Woodward Avenue the cars were put in operation on August 27; on September 18, the Gratiot line was opened, employing small one-horse cars; and on October 1, it was announced that the company had completed all the lines required by the charter for the year 1863. The Jefferson Avenue track ran eastward as far as Mt. Elliot Avenue, a distance of two and one-half miles

¹⁰*Detroit Advertiser and Tribune*, (August 1, 1863). Vol. 1, p. 21.

from the Michigan Central Railway depot. The company planned to expand, with the coming of spring, by extending the Michigan Avenue and Gratiot Avenue routes to the cattle yards and the House of Correction, respectively. The Jefferson Avenue line had already been extended to the Marine Hospital.¹¹ Thus the first year of construction closed successfully, and the company officials were optimistic as to the future growth of the system.

MANAGEMENT

LINES LEASED TO HENDRIE AND COX—PUBLIC DISSATISFACTION—In 1866, the original company leased all its lines to Messrs. George Hendrie and Thomas Cox, for a period of seven years. Mr. Hendrie was well known as the proprietor of an omnibus line and a drayage business.¹² James Peacock, who for several years had been station master of the Great Western Railway at Windsor, and subsequently freight agent at Detroit, was chosen manager.¹³ But in spite of the new régime, within a few months there appeared to be considerable dissatisfaction with the service rendered. The chief complaints were that the cars made poor time, stopping from five to ten minutes at switches waiting for cars to pass; that the cars were not as sanitary as before; and that the conductors paid little attention to ventilation. It was reported that whereas the cars were formerly packed,

¹¹*Detroit Advertiser and Tribune*, (January 4, 1864). Vol. 1, p. 42.

¹²*The Detroit Free Press*, (May 22, 1866). Vol. 1, p. 85.

¹³*The Detroit Free Press*, (May 22, 1866). Vol. 1, p. 86.

"now it is different, very few persons ride, unless they are obliged to travel a great distance."¹⁴ That the discontent was not abated is indicated by an article in the *Post*, June 12, 1872 saying—"that the road as at present equipped and run is no credit to the city, and is not calculated to secure the good will and patronage which it might."¹⁵ Yet in the face of this criticism and the apparent disapproval of the public, a renewal was granted, upon the expiration of the lease, for a period of eight years.¹⁶

EXPANSION

IN 1876—In 1876, the *Advertiser and Tribune* in discussing the expansion of transportation in Detroit presented the following "facts and figures" concerning the City Railway Company: "This is but one of the six railroads of the city, but it employs regularly 195 horses with a reserve force for special occasions; 120 men are required to attend to the various demands of the traffic, and in 1875 these men and horses ran 888,000 miles carrying 2,900,000 passengers of which over 18,000 rode on the fifth of July. The expense of the business aggregated a trifle over \$132,500; but the little nickels kept up such a perpetual clatter in the fare boxes of the cars that they overtook these figures and ran up the very satisfactory sum of \$140,051. The lines of the city company aggregate ten miles, of which $3\frac{1}{2}$ are double track, as the whole

¹⁴*The Detroit Free Press*, (July 9, 1866). Vol. 1, p. 87.

¹⁵*The Detroit Daily Post*, (June 12, 1872). Vol. 1, p. 165.

¹⁶*Detroit Advertiser and Tribune*, (January 20, 1876). Vol. 1, p. 240.

should be. The Woodward Avenue line is $2\frac{3}{4}$ miles long, is double only to High Street and employs eleven cars running at intervals of six minutes. The Jefferson Avenue line is $2\frac{5}{8}$ miles long, is double track to Chene, and runs twelve cars at five-minute intervals. The Gratiot Avenue line is $1\frac{3}{4}$ miles long, and runs three cars at intervals of fifteen minutes. The Michigan Avenue line is 3 miles long, is double track to Cass Street only, and employs ten cars, two of which are double, going at intervals of six minutes. The round trip on the Michigan Avenue route occupies 1 hour and 12 minutes; on Woodward Avenue, 1 hour and 6 minutes; on Gratiot Avenue, 45 minutes, and on Jefferson Avenue, 1 hour.”¹⁷

IN 1878—Statistics furnished by the company two years later showed that on the Jefferson Avenue line 12 cars were run daily, a total distance of $913\frac{1}{8}$ miles in 180 hours, employing 72 horses, 16 drivers, 11 stablemen, 2 changers and one route foreman. On Woodward Avenue the company ran 12 cars daily, a total distance of 912 miles in $158\frac{1}{2}$ hours. To accomplish this 72 horses were required, 15 drivers, 10 stablemen, 2 changers and 1 foreman. On Michigan Avenue, 13 cars were operated running $941\frac{1}{2}$ miles in 159 hours. On this route 70 horses were used, 15 drivers, 10 stablemen, 1 changer and 1 foreman. On Gratiot Avenue, 3 cars ran 190 miles daily in $49\frac{1}{2}$ hours, requiring the services of 18 horses, 4 drivers, and 3 stablemen. The grand totals are interesting. The

¹⁷*Detroit Advertiser and Tribune*, (January 29, 1876). Vol. 1, p. 240.

daily mileage was 2965; daily hours, 547; horses required, 233; and 6 route foremen. In addition there were 7 night watchmen; 3 truck repairers; 50 drivers; 3 turntable men; 6 clerks; and 40 cars.¹⁸

EARNINGS

REVEALED IN TAXES—RECEIPTS 1880-1887—For a decade, beginning in 1868, the only tax paid by the company was \$15.00 per car, per year, though it had the additional burden, by agreement reached in 1879 when the company was given a new thirty-year franchise, of paying the city one per cent of its gross receipts semi-annually. From this time some knowledge of the traction earnings may be gathered from annual tax reports.¹⁹ Internal revenue returns for the quarter ending September 30, 1866, show the gross receipts of the City Railway Company to have been \$31,922.72.²⁰ July 16, 1880, the one per cent tax on gross receipts amounted to \$986.72 for the preceding six months, indicating that the road had earned \$98,672.00.²¹ In July, 1882, the tax amounted to about \$1,100.00.²² It appears that about 1882 a personal tax was levied against the company, which for two years it refused to pay, claiming that under the state law the special tax they paid to the city exempted it from general tax payments. But in

¹⁸*Detroit Evening Telegraph*, (May 18, 1878). Vol. 1, p. 274.

¹⁹*Detroit United Lines*, Vol. 1, p. 88.

²⁰*The Detroit Post*, (October 18, 1866). Vol. 1, p. 92-a.

²¹*The Evening News*, (July 16, 1880). Vol. 1, p. 285.

²²*The Evening News*, (July 24, 1882). Vol. 1, p. 298.

September 1884, tax receiver Guthard took drastic action. Accompanied by his force, he marched to the Antoine Street barns and took possession of 15 cars and 20 horses. The \$4,597.00²³ tax was paid immediately, but under protest. For the first half of 1887 a tax of one and one-half per cent was paid, totaling \$3,397.12.²⁴ The gross receipts steadily increased from 1866 through 1887 as the foregoing items demonstrate.

FARES—The question of fares was apparently of small moment during this early period of the street railway's history. According to the ordinance under which the company organized the fare was to be five cents. On November 14, 1865, the superintendent gave notice that in the future double fares would be charged after 10 o'clock.²⁵ November 23, on account of the large revenue tax paid and the lack of funds with which to pay dividends, fares were advanced on all routes. Then, too, the company justified the advance on the grounds that cities east and west of Detroit had already increased their rates.²⁶ It is presumed that the fares went to six cents, for the following year we learn that the Hendrie interests upon leasing the road reduced the fare to five cents.²⁷ In the spring of 1866 labor men and school children were permitted to purchase tickets at the rate of 26

²³*The Evening News*, (September 30, 1884). Vol. 1, p. 311.

²⁴*The Detroit Free Press*, (July 3, 1887). Vol. 1, p. 367.

²⁵*The Detroit Free Press*, (November 14, 1865). Vol. 1, p. 73.

²⁶*Detroit Advertiser and Tribune*, (November 23, 1865). Vol. 1, p. 74.

²⁷*Detroit Advertiser and Tribune*, (April 21, 1866). Vol. 1, p. 81.

fares for \$1.00.²⁸ It is evident that the street car interests learned early that the success or failure of the business depended largely on the rate of fare, and even a slight change in the rate, either higher or lower, had a tremendous effect upon the profits.

FARE COLLECTIONS—In December 1884 the company adopted a new method of collecting fares. The conductor was required to ring up a fare as soon as a passenger stepped up on the platform, and trust to his ability to collect the cash later. Policemen and firemen could no longer ride free. Employees of the company were ordered to carry their passes in hand. Because of this change the first intimation of a strike was hinted, as revealed in the remark of a conductor who said: "The whole scheme of the company seems to be to advertise its employees as thieves. If the men would unite and demand fair compensation for their labor it would be no more than justice to themselves. Here we work not less than 14 hours a day and sometimes 18, for which we are paid the enormous sum of \$1.50. I believe the citizens of Detroit would stand by us in an effort to exact fair wages and shorter hours."²⁹ A little over a year later the company announced that it would sell six tickets for 25 cents in strip envelope form.³⁰ March 4, 1889, a 3 cent morning and evening fare was established.³¹ A

²⁸*The Detroit Free Press*, (March 31, 1866). Vol. 1, p. 79.

²⁹*The Detroit Evening Journal*, (December 1, 1884). Vol. 1, p. 313.

³⁰*Detroit Evening Journal*, (February 3, 1885). Vol. 1, p. 315.

³¹*Detroit Journal*, (March 4, 1889). Vol. 1, p. 397.

month later the company adopted the "check transfer system" granting a crosstown passage for a single fare.³² The rumblings of discontent on the part of the employees and the question of transfers, while minor matters in themselves, did nevertheless augur bitter strife in the succeeding decade.

IMPROVEMENTS

SIGNAL BELL—From time to time during the period from 1865—1890 minor improvements were made in track, rolling stock, and equipment. It appears that even as early as 1864 the life of the pedestrian was in jeopardy, for one man was actually run down by an on-rushing horse-car and considerably bruised. To prevent such catastrophes a little bell was attached to the horses to act as a warning to the careless crowds as the cars sped along the highways. In May 1865, ten minute service was given on Jefferson Avenue only to be extended to fourteen minutes during the following winter. The last trip made by a car during this year was 10 o'clock P. M. In April 1870, for the benefit of those out late at night, the company put on a 10:30 car at a fare of 10 cents.³³ Apparently the company was earnestly striving to adjust its schedule to the requirements of its constituency.

BOB-TAIL CARS—From 1865 to 1875 the Bob-tail car seems to have been in particular favor, for a large number were put into operation. This type of con-

³²*Detroit Journal*, (April 5, 1889). Vol. 1, p. 399.

³³*Detroit Advertiser and Tribune*, (April 8, 1870). Vol. 1, p. 133.

veyance derived its name from the fact that there was a platform only on the front of the car, while at the rear there was but a door with a hand rail at either side and a step or two for the use of the passenger. It is said that because of the ideal arrangement and the limited speed it was rarely if ever necessary for the car to stop for male passengers. In order that the Bob-tail car be able to retrace its run upon reaching the end of the line, turntables were necessary. In 1873 a new turntable was placed at the junction of Woodward and Jefferson Avenues preparatory to the introduction of this type of car on that highway.³⁴ By the eighties the Bob-tail began to wane in favor, for new double cars were placed on Woodward. They were handsomely painted, the interior finished in hard wood, and they would accommodate 22 passengers.^{35*} Although such a car appears small to one accustomed to the large surface car of today, yet when compared to one of the few large double cars which had been in service previous to that time it is found to be rather spacious. An article appearing in 1912 describing the evolution of the coach, states that one of the largest double cars of this early period, 16 feet 5 inches in length, weighing 4000 pounds, and costing \$1,200.00 accommodated 14 passengers.³⁶ In

³⁴*Detroit Daily Union*, (October 15, 1873). Vol. 1, p. 206.

³⁵*The Detroit Free Press*, (April 21, 1885). Vol. 1, p. 318.

*They were scheduled to run from Jefferson Avenue to the end of the line. In 1885 only 13 Bob-tails were in service, running from the Brush Street depot to Farnsworth Street.

³⁶*The Detroit News*, (September 19, 1912).

1886 The Pullman Palace Car Company delivered "10 of the finest street cars ever built in the United States" to be used on the Gratiot line.³⁷

STORAGE BATTERY CARS—As early as 1887 the company experimented with the storage battery car. In that year two such were purchased bearing the very appropriate names of "Franklin" and "Faraday." The motors were placed on the front of the cars.³⁸ In the same year, in order to experiment further with electricity, the City Railway laid a copper cable within a lead pipe between the rails of the new Russel Street extension.³⁹ But experiments with the storage cars in Detroit, as elsewhere, failed, and early in the nineties the modern electric car service with overhead equipment, proving much more feasible, was rapidly adopted.

CHANGE IN TRACK CONSTRUCTION—With the advent of the heavier car a change in track construction was necessary. The strap rail was adopted, which was a bar rail with a wide base on which the wheel flange rested. These were placed on stringers resting on top of the ties. Usually cobblestone pavement accompanied this type of construction.⁴⁰ Then came still heavier cars which proved the strap rail too light, for the rails would frequently curl up at the ends. Incidentally, during the closing years of this

³⁷*The Detroit Free Press*, (August 5, 1886). Vol. 1, p. 345.

³⁸*The Detroit Tribune*, (August 19, 1887). Vol. 1, p. 371.

³⁹*The Detroit Tribune*, (October 29, 1889). Vol. 2, p. 426.

⁴⁰*The Detroit News*, (September 6, 1912).

period, the Detroit City Railway Company discarded the old track gauge of four feet seven inches on all its lines and adopted the standard gauge of four feet eight and one-half inches now universally in use.⁴¹

THE STATUS OF THE DETROIT CITY RAILWAY 1889

So the twenty-seven years embracing the initial period in the history of the Detroit Railway came to a close. It was a period of continuous growth. In 1863 the company possessed 11 cars, fifteen years later, 40 cars, and at the close of the period, 212 cars. In 1876 the minimum animal power was 195 horses and in 1889, 1445. In 1876 the men employed numbered 120, and at the close of the period 612. In 1863 there were 3 miles of track, in 1876, 10 miles, but in 1889 the mileage, including construction under way, amounted to $32\frac{3}{4}$ miles.⁴² Aside from this, vast improvement had been made in the construction of track and road bed; the type of cars had changed for the better; and finally, at least some experiments had been made in the use of electricity as motor power.

⁴¹*The Detroit Journal*, (June 1, 1889). Vol. 1, p. 409.

⁴²*The Detroit Journal*, (July 20, 1889). Vol. 2, p. 415.

CHAPTER II

THE FORT STREET RAILWAY

THE LINE CONSTRUCTED

NEW LINE—ROUTES—The City Railway had proved successful; it satisfied a need of the average citizen, and likewise appealed to capitalists. Consequently there was a feeling that Detroit could support another street railway. On June 16, 1864, a special committee of the common council reported favorably on the petition of E. B. Ward and associates, asking permission to construct the Fort Street Railway. The council accepted the recommendation,¹ and the following January granted a franchise for the construction of the new road. The franchise provided, among other things, that the company pay to the city an annual tax of \$25.00 per passenger car.² It was expected that this route, passing entirely across the city from east to west would benefit a large working class population in the eighth, ninth, first, seventh, and tenth wards. The length of the proposed line was about six miles.³

COMPANY ORGANIZED—Early in February the new company, officially known as the Fort Street-Elmwood Railway Company, opened its stock books for

¹*Detroit Advertiser and Tribune*, (June 17, 1864). Vol. 1, p. 49.

²*The Detroit Free Press*, (November 19, 1864). Vol. 1, p. 55.

³*The Detroit Free Press*, (November 19, 1864). Vol. 1, p. 55.

public subscription at the office of C. J. Walker; and within a few hours \$70,000 was subscribed in shares of \$100.00 each. Within a few days all the shares were sold, and the corporation proceeded to elect officials. The officers chosen were, president, F. Buhl, and secretary and treasurer, J. A. Wells.⁴

ROAD COMPLETED—By June 16, three-fourths of the road bed was completed and a boat load of iron for the track had arrived.⁵ By July 30, the track was completed from Woodward Avenue westward in compliance with the charter requirements.⁶ August 16, four handsome cars arrived at the Central Depot and were taken up Third Street to Fort Street and placed on the track to await the formal opening of the road,⁷ which took place at 4 P. M. September 6, with city officials riding in state.⁸ The company purchased 33 horses at the outset. The new road met with the approval of the general public as the following news item testifies: "Verily the Street Railway is an indispensable institution and one of comfort and convenience, as well as luxury. The cars are loaded now. At dusk, when the laborers leave their work for their homes, instead of plodding with weary limbs for the distance of one or two miles after their work is done, (they) step into the car and enjoy a ride which relaxes their limbs and makes them men again, and not mere

⁴*The Detroit Free Press*, (February 26, 1865). Vol. 1, p. 58.

⁵*Detroit Advertiser and Tribune*, (June 26, 1865). Vol. 1, p. 65.

⁶*Detroit Advertiser and Tribune*, (July 7, 1865). Vol. 1, p. 66.

⁷*The Detroit Free Press*, (August 16, 1865). Vol. 1, p. 69.

⁸*The Detroit Free Press*, (September 6, 1865). Vol. 1, p. 70.

machines whose joints were cramped and whose springs are out of joint.”⁹

IMPROVEMENTS

DEVICE FOR TURNING CARS—METHOD OF TRACK LAYING—IMPROVEMENTS IN 1866—CARS HEATED—SUMMER CARS—NEW CARS—A new device was added to the cars placed upon the Fort Street line in 1865. To each car was attached a lever by means of which the cars could be turned around short curves. It is of interest to note the method of laying track in the same period. “Parallel stringers are laid in the road across which are placed two inch plank. The latter are grooved so as to admit the rails. The work is being performed by a machine invented by Mr. I. N. Swayne, one of the directors of the road.”¹⁰ Turning to the superintendent’s report of January 5, 1867, one may see that several improvements, important for that day at least, were made. To quote: “The improvements during the year, besides the construction of the road to Elmwood and to the western terminus, have been the enlargement of the car house at Springwells, so as to hold ten cars; a dock to the channel bank; blacksmith and repair shop fitted up; new barn 65 by 36 feet to accommodate 27 horses; an artesian well 104 feet deep, supplying abundance of water; at Elmwood a barn to accommodate 8 horses; a car shed for four cars with office and

⁹*The Detroit Free Press*, (November 3, 1865). Vol. 1, p. 71.

¹⁰*Detroit Advertiser and Tribune*, (June 1, 1865). Vol. 1, p. 62.

waiting room, etc. The rolling stock has been increased by the purchase of five cars at Worcester, Mass., and two of new pattern at West Troy, N. Y., at a cost of \$6,106.21; the present stock of cars being 11 passenger and one construction; to the running stock has been added 42 horses at a cost of \$5,341.35."

Not until 1871 was there any mention of heating the street cars. Then it was announced that the Fort Wayne Company had purchased small coal stoves that took up no more room than one passenger and would easily heat the entire car.¹¹ The "summer cars" introduced in 1872 had a platform running around them so that the passengers could step on at the side or end. The seats ran across the cars instead of lengthwise, and half the seats had doors opening on the left and half on the right. Since canvas was used for the doors, a dozen persons could mount the car at once. There was also added to the equipment of the car a new protective device that prevented one from falling under the wheels.¹² In June 1873 it was announced that the company had placed "an elegant new car on their line. It is handsomely finished, and has the non-friction rollers, and patent running gear."¹³ Apparently no new improvement of note was added until the spring of 1882, when a new type of one-horse car was adopted, and used extensively. They were built at a cost of \$750.00 each. *The Evening*

¹¹*The Detroit Free Press*, (December 7, 1871). Vol. 1, p. 156.

¹²*The Detroit Free Press*, (April 27, 1872). Vol. 1, p. 162.

¹³*The Detroit Free Press*, (June 6, 1873). Vol. 1, p. 194.

News of June 8, 1882 carried a description of these cars, as follows:

"Lightness and durability seem to be the points aimed at in their building. The inside is finished in white ash and with panels inlaid with redwood, and perforated seats of maple with redwood trimmings, all in the natural wood, which with brass and nickel-plated trimmings, blue glass ventilators and square windows instead of the long narrow ones in the old cars, all tend to make the interior very neat and attractive. The outside has a rather quaint appearance, the trucks being painted white and the body and platform a bright chrome orange and light yellow. A notable improvement are the small platform gates to keep the passengers from getting on the front of the car with the driver. No turntable will be needed as the horse can be attached to either end of the car, and there is a fare box at each end, which can be closed by the driver simply moving a small slide."¹⁴

MANAGEMENT AND FINANCE

IN 1868—In 1868 the gross receipts were \$56,-389.10, an increase of \$994.59 over the preceding year. It was noted that the pleasure travel was not as extensive as in previous years.¹⁵ The company was free of debt, with a balance of \$7,679.99 out of which the directors declared a five per cent dividend. On June 10, 1870, the company announced that as the

¹⁴*The Evening News*, (June 8, 1882). Vol. 1, pp. 294-295.

¹⁵*The Detroit Free Press*, (January 12, 1869). Vol. 1, pp. 121, 122.

plant and rolling stock were in excellent condition and the prospects bright, a semi-annual dividend of five per cent would be payable July 9, of that year.¹⁶ From that date it appears that the dividend was regularly paid during the period under review.

NAME CHANGED—IN 1875—In 1871, by special act of the legislature, the company changed its name from the "Fort Street & Elmwood Avenue Railway" to the "Fort Wayne & Elmwood Railway Company."¹⁷ In 1875 the street railways felt the effect of the general business conditions. The Fort Wayne line, along with the other Detroit roads, complained of hard times, saying that on their particular lines they had been compelled to remove a portion of the cars and that even the remaining ones averaged only \$12.00 a day.¹⁸

TAX CHANGE—In 1880 the council by ordinance repealed the act whereby the company paid \$25.00 per car per year to the city, and in its place substituted an ordinance calling for the payment of a one per cent tax on gross receipts, payable semi-annually.¹⁹ In 1886 a newspaper carried the item to the effect that the company paid to the city treasurer \$543.98, being one per cent of the gross receipts for the preceeding six months period.²⁰ In January 1889, it is

¹⁶*The Detroit Daily Post*, (June 10, 1870). Vol. 1, p. 135.

¹⁷*Detroit United Lines*, Vol. 2, p. 175. ⁷

¹⁸*The Evening News*, (November 23, 1875). Vol. 1, p. 237.

¹⁹*Detroit United Lines*, Vol. 1, p. 183. ⁷

²⁰*The Detroit Free Press*, (July 22, 1866). Vol. 1, p. 344.

recorded that a tax of \$763.15 was paid.²¹ These figures show that the volume of traffic increased considerably within a three-year period. Up to the year 1875 there is no record of any serious dispute with the city. But in that year a glimmer of future combat with the city fathers was seen in the suit brought by the Fort Wayne Company against the city to recover \$1,011, the cost of material used in repaving Fort Street between the rails from Griswold to Fifth Street. The jury in Superior Court rendered a verdict for the defendant without retiring for consultation.²²

FARES—FIVE CENT FARE CONTROVERSY—Nothing is noted in the newspapers regarding fare until June 5, 1872, when certain changes were announced as follow:

“All tickets sold at the office of the company (or other points) will be full fare rates; but the conductor on the payment of fares, whether in money or tickets, will give to the passenger a check taken from a box, which check is a commutation affair, and will be paid at the company’s office when presented in quantities calling for any number of cents.” The rates follow:

	Cents	Commutation Checks Cents
Inside city limits	5	$\frac{1}{2}$
To the Ferry	8	2
To the Toll Gate	9	$2\frac{1}{4}$
To the Fort	10	$2\frac{1}{2}$

²¹*The Detroit Free Press*, (January 3, 1889). Vol. 1, p. 392.

²²*The Detroit Free Press*, (January 26, 1875). Vol. 1, p. 231.

	Cents	Commutation Checks Cents
Children under 15 years of age having tickets (which carry them any distance over the road)	5	1

The fare within the bounds of Springwells was 5 cents. Passengers who traveled farther than they originally paid for were to pay 5 cents extra.²³ In 1874 the subject of charging 5 cents from any point in the city to any point in Springwells was considered by the board of directors. The inhabitants of Springwells considered anything over 5 cents to be exorbitant, and expressed their disapproval by leaving the car at the city limits and walking the remainder of the way regardless of the weather conditions. It does not appear that any remedy was adopted, at that time at least.²⁴ In 1885 the question of charges within the city limits came under discussion. City Attorney Corliss said that the "Fort Wayne & Elmwood Street Railway has no legal right to charge more than 5 cents to Fort Wayne or any other point within the city."²⁵ On June 6, of that year the directors reduced the fares from one terminal to the other across the city, from 8 cents to 5 cents. Children under six were to ride for half fare. In announcing the change the directors stated that they did so because it was a wise

²³*Detroit Advertiser and Tribune*, (June 11, 1872). Vol. 1, p. 163.

²⁴*The Detroit Free Press*, (February 3, 1874). Vol. 1, p. 218.

²⁵*The Evening Journal*, (June 2, 1885). Vol. 1, p. 320.

financial policy and not because there was any question of their legal right to charge an 8-cent fare.²⁶

GROWTH OF THE ROAD

THE ROAD 1867-1889—In the main the Fort Street & Elmwood Railway prospered during the period under consideration. In 1867 their trackage was estimated at 5½ miles, and from that date to 1872 the mileage was increased but a quarter of a mile, stretching from the entrance of Fort Wayne near Military Avenue in Springwells to Elmwood Cemetery. In the latter year the company ran 11 cars on a ten-minute schedule. In January 1876 an 8 per cent dividend was declared.²⁷ During 1886 the cars traveled 6,000,000 miles and carried 2,500,000 passengers.²⁸ The rapid growth of the Fort Street Railway is briefly shown by the accompanying table.

	1872 ²⁹	1886 ³⁰	1889 ³¹
Track Mileage	5¾		19
Cars	11	33	56
Horses	123	212	300
Men employed	49	70	125

This progress fully justified the judgment of that handful of capitalists who promoted the project in

²⁶*The Detroit Free Press*, (June 6, 1885). Vol. 1, p. 322.

²⁷*Detroit Advertiser and Tribune*, (January 20, 1876). Vol. 1, p. 241.

²⁸*The Evening Journal*, (January 26, 1887). Vol. 1, p. 360.

²⁹*Detroit Advertiser and Tribune*, (January 20, 1876). Vol. 1, p. 241.

³⁰*The Evening Journal*, (January 26, 1887). Vol. 1, p. 360.

³¹*The Detroit Journal*, (July 20, 1889). Vol. 1, p. 415.

1865. They believed in the future expansion of Detroit, and in that belief they were justified, as the city had grown in population from 53,000 in 1864 to 205,000 in 1890,³² and the area increased from 12.75 square miles in 1857 to 28.14 square miles in 1885.³³

³²Burton, "The City of Detroit," Vol. 2, p. 504.

³³Burton, "The City of Detroit," Vol. 1, p. 347.

CHAPTER III

OTHER LINES

As it is not at all the object of this book to be encyclopaedic, but rather to portray the major events culminating in municipal ownership, the history of the lesser lines will be but briefly sketched in a single chapter.

THE GRAND RIVER STREET RAILWAY COMPANY

THE CHARTER—INJUNCTION BY CITIZENS' COMPANY—In 1868 another street railway was built in Detroit. In May of that year Nathaniel Prouty, Moses F. Dickenson, William B. Wesson, Harvey King, and James Mansfield were granted permission to construct and operate the Grand River Street Railway.¹ By the last of May the company was engaged in laying their tracks eastward from the then new Nicholson pavement at the intersection of First Street. By June 16 the laying of track was completed on Grand River to Woodward Avenue. However, work in this direction was checked for a time by an injunction placed upon the Grand River Street Railway Company by the City Railway Company to restrain the former from laying track on Woodward Avenue. The decision was handed down by Judge Walker of the Wayne Circuit Court on June 29, 1868,

¹*The Detroit Free Press*, (May 21, 1868). Vol. 1, p. 103.

in favor of the Grand River Company, thus permitting them to resume the laying of track.²

WORK RESUMED—OFFICERS OF ROAD—Work was immediately resumed, and by July 25, track was completed from Seventh Street to Michigan Avenue. The rails were laid upon stringers of Norway pine, 5 by 6 inches, supported by oak ties three feet apart. The line which commenced operation October 23, 1868,³ was under the direction of J. J. Griffith, whose work was so satisfactory that engineers considered the track the best anywhere in the west.⁴ The officers of the new road were: president, Harvey King, and treasurer, W. B. Wesson.⁵

COURT CASE OF 1870—In 1870 the company again engaged in litigation. Harvey King desired to extend the line through to Jefferson Avenue. In order to do so it was necessary to tear up the pavement on Woodward Avenue; and King hoped that he would be arrested by so doing for violating the city ordinance. If this took place he desired to carry the case to the Supreme Court. But unfortunately his lawyer prepared too good a defence in the lower court and to the disgust of King the case was decided in favor of the company. So this new litigation lasted but a day.⁶

²*Detroit Advertiser and Tribune*, (June 30, 1868). Vol. 1, pp. 104-114.

³*The Detroit Post*, (December 4, 1868). Vol. 1, p. 120-a.

⁴*The Detroit Daily Union*, (July 25, 1868). Vol. 1, p. 116.

⁵*The Detroit Daily Union*, (July 25, 1868). Vol. 1, p. 116.

⁶*The Detroit Daily Union*, (October 10, 1870). Vol. 1, p. 135.

EARNINGS—It appears that the company maintained a good earning power. In its first week of operation it earned \$310.00. The straight fare was 5 cents, though commutation tickets sold for a trifle over 4 cents. It was estimated at that time that the company would carry about 30,000 passengers monthly.⁷ In 1870 the company declared a dividend of 14 per cent.⁸ In 1889 the one per cent tax on gross receipts amounted to \$908.71 for the six months period ending December 31, 1888.⁹ The ordinance requiring this semi-annual payment was passed in December 1885;¹⁰ it was also in this year that the charter was extended for a period of 30 years, to 1916.¹¹

IMPROVEMENTS—In 1887 steel rails were used to replace the old iron rails.¹² It is evident that improvements in rolling stock and roadway were so common by this time that the newspaper did not think they constituted news. The street railway had ceased to be a novelty, and had become an established fact. From the fact, however, that there are no accounts of passengers' criticism of the road is sufficient evidence to warrant the assumption that this road must at least have done as well by its customers as either of the other roads, for the general public is often eager to criticize where a public utility is in question.

⁷*The Detroit Post*, (December 4, 1868). Vol. 1, p. 120-a.

⁸*The Detroit Free Press*, (February 3, 1871). Vol. 1, p. 138.

⁹*The Detroit Free Press*, (January 8, 1889). Vol. 1, p. 394.

¹⁰*Detroit United Lines*, Vol. 1, p. 130.

¹¹*Detroit United Lines*, Vol. 1, p. 130.

¹²*The Detroit Tribune*, (August 20, 1887). Vol. 1, p. 372.

GROWTH OF THE COMPANY—During the twenty-one years the growth of the company's operation will appear from the following table:

	1871 ¹³	1876 ¹⁴	1889 ¹⁵
Track Mileage	1.4	2.75	14
Men Employed		17	150
Horses		55	450
Cars		6	65

THE CASS AVENUE RAILWAY COMPANY

FRANCHISE GRANTED—As early as 1871 efforts were made to establish a road over the streets afterward occupied by the Cass Avenue Railway Company. The project met protests from the residents and property owners on and near Cass Avenue to the common council,¹⁶ but on May 27, 1873, an ordinance chartering the Central Market and Third Street line was presented to the council,¹⁷ which was adopted on June 13, over the mayor's veto, granting a franchise to the Central Market, Cass Avenue and Third Street Railway Company. The fare was set at five cents. The charter further provided that the company pay \$25.00 annual tax on the two-horse cars, and half that amount on the single cars. In addition there was to be a special tax on gross earnings. After the first five years of operation the tax was to be one per cent for

¹³*The Detroit Daily Union*, (April 20, 1871). Vol. 1, p. 144.

¹⁴*Detroit Advertiser and Tribune*, (January 20, 1876). Vol. 1, p. 241.

¹⁵*The Detroit Journal*, (July 20, 1889). Vol. 2, p. 415.

¹⁶*The Detroit Daily Post*, (September 9, 1871). Vol. 1, p. 151.

¹⁷*The Detroit Daily Union*, (May 28, 1873). Vol. 1, p. 197.

the ensuing five years, after which it was to be trebled for the remaining twenty years of the franchise. The cars commenced running on October 16. The company did make an effort to carry into effect their resolution to furnish the best service, for on November 24, it was announced that on and after the following day cars would run every eight minutes from the corner of Larned and Griswold Streets to within two blocks of the Holden Road.¹⁸

OFFICIALS IN 1874—FORECLOSURE AND SALE—At the annual meeting of 1874, William Livingston, Jr., was chosen president, and W. D. Morton, secretary and treasurer. The annual report presented at this meeting stated that the road was doing well and that business was on the steady increase. The stockholders expressed themselves well satisfied.¹⁹ Three years, however, brought about a considerable change in the situation. On May 14, 1877, a bill of foreclosure was filed against the road by the Trust, Security, and Safe Deposit Company of Detroit, on the grounds that the company had defaulted in the interest upon its bonds. The bill further asked that the road be placed in the hands of receivers. Judge Reilly complied, appointing Ellery I. Garfield as receiver. Mr. Garfield gave bonds with George Hendrie of the City Railway Company and R. A. Bell as sureties. From this it appears that the Cass Avenue road had come under the guidance of the City Railway Company.

¹⁸*Detroit Advertiser and Tribune*, (November 24, 1873). Vol. 1, p. 217.

¹⁹*The Detroit Daily Post*, (May 29, 1874). Vol. 1, p. 221.

However, the efficient superintendent, J. F. Whitney was allowed to remain at his post.²⁰ Three months later the cars, track and franchise of the company were sold under the hammer to George Hendrie for \$25,000. The bonds, the interest on which was in default, amounted to \$50,000. They were originally sold for a price far below par, and Mr. Hendrie said that even though the road was purchased at fifty per cent of its indebtedness the bondholders would not really lose anything, and further stated that the road could be duplicated for \$25,000; so he was really paying full value for the road.²¹

NAME CHANGED—The Central Market, Cass Avenue, and Third Street Railway now became the Cass Avenue Railway Company; but in 1879 the franchise was repealed and all roads constructed under it were made subject to the franchise of the Detroit City Railway;²² and three years later the Cass Avenue Company conveyed all its rights to the Detroit City Railway Company. Here may be seen the first step towards consolidation, so important in the subsequent history of the Detroit Street Railways.²³

THE GRAND TRUNK JUNCTION STREET RAILWAY
(Congress and Baker Street Railway)

COMPANY ORGANIZED—On March 21, 1873, the subscribers to the stock of the Grand Trunk Junction

²⁰*Detroit Advertiser and Tribune*, (May 15, 1877). Vol. 1, pp. 263-264.

²¹*The Detroit Daily Post*, (August 8, 1877). Vol. 1, p. 270.

²²*Detroit United Lines*, Vol. 1, p. IV.

²³*Detroit United Lines*, Vol. 1, p. IV.

Street Railway met for the purpose of adopting articles of association and the election of officers. The officers elected were Francis Adams, president, Frederick Carlisle, secretary, and Bela Hubbard, treasurer. The capital stock was fixed at \$150,000 with the par value of each share set at \$100.00.²⁴

LINE COMPLETED—The city council granted the company a franchise and by the end of April the company surveyors were at work.²⁵ The contract for building the road was let to a Cleveland street railway builder.²⁶ By December 18, the track was completed from the market, on Randolph Street, through Congress to Seventh Street and thence to Baker and through Baker to Fourteenth Street. At seven o'clock on the morning of December 18, two cars were run over the completed portion of the line from the corner of Randolph and Congress to the crossing at Fourteenth Street at Baker. It was announced that on the following Monday six cars would be operating on a fourteen minute schedule.²⁷ The fare was set at five cents, and the tax portion of the ordinance was identical with that prescribed for the Cass Avenue Company.²⁸

FINANCIAL DIFFICULTIES—The financial careers of the two companies were somewhat parallel. Embarrassments began in the spring of 1874 and the road was

²⁴*Detroit Advertiser and Tribune*, (March 28, 1873). Vol. 1, p. 193.

²⁵*Detroit Advertiser and Tribune*, (April 26, 1873). Vol. 1, p. 183.

²⁶*The Detroit Daily Post*, (August 30, 1873). Vol. 1, p. 200.

²⁷*Detroit Daily Union*, (December 18, 1873). Vol. 1, pp. 215-216.

²⁸*Detroit United Lines*, Vol. 1, p. 155.

advertised for sale; but did not change hands for the simple reason that no buyer appeared. The trouble arose from the failure of many who subscribed for stock to pay the cash. For example, it is related that one man who ordered \$10,000 worth of stock could pay in only \$1,000, when the certificates were ready for delivery. The original cost of the road was \$48,000 of which only about \$38,000 had been paid in. The company had plans for the extension of the line to Twenty-fourth Street on the west, and Dequindre Street on the east, but to accomplish this it was estimated that in the neighborhood of \$35,000 would be required.²⁹ The road was completed to Fourteenth Street in January 1874 and by 1875 extended to Twenty-second Street.

HALF-INTEREST SOLD—ORDINANCE REPEALED—
The next we hear of the line is in 1876, when W. J. Waterman, a real estate broker, disposed of his half interest in the road to H. W. Lord of Pontiac for \$22,500. Mr. Lord made plans to move to Detroit and devote his time to the rehabilitation of the road.³⁰ About this time the company assigned its franchise to the Congress and Baker Street Railway Company, and in 1879 this ordinance was repealed and the lines in operation under it were ordered to be subject in the future to the franchise of the Detroit City Railway Company, just as in the case of the Cass Avenue line. Likewise in 1882, the company conveyed its

²⁹*The Detroit Free Press*, (May 9, 1874). Vol. 1, p. 219.

³⁰*The Detroit Daily Post*, (January 26, 1876). Vol. 1, p. 245.

properties to the Detroit City Railway, and the second consolidation in the history of the Detroit Street Railways was consummated.³¹

THE ROAD IN 1876—In 1876 the road consisted of three miles of track, including one-fourth of a mile of switches; it employed 8 cars, running on a ten minute schedule. Aside from the officers there were employed 15 men and 50 horses. During 1875 it carried about 288,000 passengers at a total expense of \$11,000. Frederick Carlisle was credited with having acquired most of the stock, and “to have become the autocrat of the line.”³²

DIX AVENUE RAILWAY COMPANY

ELECTRICITY AS POWER—ORDINANCE APPROVED—The Dix Avenue Railway Company is interesting as being the first in Detroit to consider seriously the use of electricity as a motive power. By this time a few cities in the United States had adopted the electric system. Appleton, Wisconsin, is credited with being the first to do so, with New York City as a close second, coming into the field in 1885. For purposes of advertising this new departure in the field of transportation, on March 2, 1886, applicants for the franchise urged its granting by the city on the grounds that a certain electrical concern had offered to install at once the electric system at a very reasonable figure. The petitioners also requested the right to

³¹*Detroit United Lines*, Vol. 1, p. III.

³²*Detroit Advertiser and Tribune*, (January 20, 1876). Vol. 1, p. 244.

operate the cars at the high speed of ten miles per hour.³³ On April 17, the ordinance was approved, granting to George Door, Samuel A. Plumer, Calvin K. Brandon, and Bethune Duffield, the right to construct a street railway. The franchise was granted for a period of twenty-five years in consideration for which the company was to pay a one per cent tax on gross receipts.³⁴

WORK COMMENCED—The electricity was to be supplied from an overhead wire, and from a third rail in the center of the track. There was considerable hesitation on the part of some of the aldermen when considering the franchise, on the grounds that experiments with so new and dangerous a method of locomotion should be tried out in the suburbs rather than in a congested district of the city. Others felt that somehow the City Railway had something to do with the request for the ordinance, as the road would be a feeder for the Congress and Baker Street line owned by the City Company. About this time in the United States at large the term “monopoly” came to have a sinister significance in the minds of many.³⁵ But in spite of the handicaps and doubts, work on the construction of the track was well under way by the second week of July.³⁶

SUPPLIED GREAT NEED—DIFFICULTIES—ROAD OVERHAULED—In its first year this infant road met

³³*Detroit Daily Tribune*, (March 2, 1886). Vol. 1, p. 333.

³⁴*Detroit United Lines*, Vol. 1, p. 150.

³⁵*Detroit Daily Tribune*, (March 9, 1886). Vol. 1, p. 334.

³⁶*The Evening News*, (July 8, 1886). Vol. 1, p. 349.

some more or less success, for the *Tribune* of April 7 stated that the Dix Road Electric Railway had been in good condition for several days, and that cars were run half hourly from 5:45 A. M. to 10 P. M., while another motor was to be added to the line within two weeks. In the spring of 1889 the road was given a thorough overhauling with a view to initiating ten-minute service. The task was under the direction of P. V. R. Sill, a New York electrician, whose main work was an attempt to eliminate the rumbling noise from the trolley wire. He succeeded in reducing the rumbling to a mere creaking, and went so far as to assure the citizens of Detroit that before he was through with his labors not a sound would be heard even by one standing close to the track.

"The only practical way of running the cars which had been decided upon by all the leading electricians in the country," said Mr. Sill to a reporter, "is to string one wire overhead and spike one in the lower part of the rail. We have done that on the Dix road, and every 40 feet a ground plate has been put 6 feet in the ground, which carries away all the superfluous current. You can see for yourself that there is no danger even if we should grab hold of the wire with both hands."³⁷ Then to the amazement of the reporter, Mr. Sill illustrated his point by so grasping the wires.

"Our wires," continued Mr. Sill, "are insulated with porcelain insulation and the cross wires are

³⁷*The Evening News*, (May 27, 1889). Vol. 2, pp. 404-405.

fastened to the posts by insulating hooks. Our motors are set in frames separate from the tracks and there is no danger of passengers being injured by them.

“Electricians have been anxious to get the Dix Road running in good shape, as it is a hindrance to them in adopting electricity on other roads. The company is anxious to get the road in A-1 condition. They want to know what they can do, and if the cars can run successfully with electricity. At Chicago, Boston, and Cleveland it is a success, and we know it will be here.” Up to the close of the period, which ended with December 1889, no further light as to the success of Mr. Sill’s efforts is secured. It is discovered that the councilmen, or enough of them at least doubted Mr. Sill’s ability, for two days after he made the statement to the press the franchise of the company was annulled. One of the chief complaints was that the company would insist on experimenting with electricity when horse power as a means of motivation had been proved a success. The criticism was made that horse cars were not so speedy but were far more sure; and then too the ring of the horseshoe upon the cobble-stone pavement was far less disturbing than the rumble or creak of an electric wire overhead.³⁸ This divided opinion likewise is a further illustration of the change in attitude toward the railways, whether electric or horse drawn. Twenty years before the general public was an ardent champion of the street railway. Not so now. Shortly after the franchise was

³⁸*The Evening News*, (May 29, 1889). Vol. 2, p. 406.

annulled there was an attitude on the part of some to permit the company to do further experimenting,³⁹ but officials of the Dix road were told that they might have their franchise back if the horse car was adopted.⁴⁰ As the year and the period closed, the Dix Company was found relaying its track on Baker Street from Twenty-fourth Street to Vinewood Avenue upon which horse cars were to be run.⁴¹

THE HIGHLAND PARK RAILWAY

CHARTER—MINOR LINES—The Highland Park Railway Company received its charter July 13, 1886, to construct and operate a railroad on "Woodward Avenue, commencing at the northerly side of the railroad crossing and running thence easterly to the city limits." The life of the franchise was thirty years. Cars were to run at least every thirty minutes, and the usual tax of one per cent of the gross receipts was required by the city.⁴² Nothing more was heard of the road during this period. There were many other short lines in the city which received franchises from townships which at the time of granting were not within the limits of Detroit. But the facts available concerning their history are fragmentary and would add nothing of interest or of profit to the subject under examination.⁴³

³⁹*The Evening News*, (May 31, 1889). Vol. 2, p. 408.

⁴⁰*The Evening News*, (May 29, 1889). Vol. 2, p. 406.

⁴¹*The Detroit Tribune*, (October 5, 1889). Vol. 2, p. 422.

⁴²*Detroit United Lines*, Vol. 1, p. IV.

⁴³*Detroit United Lines*, Vol. 1, p. V.

PART II

THE PERIOD OF CONTENTION AND CONSOLIDATION

CHAPTER IV

PINGREE AND JOHNSON

HAZEN S. PINGREE

EARLY LIFE—Just at the time when Detroit was reeking with political corruption Hazen S. Pingree came to the rescue and for ten years he fought unceasingly in the interests of the people. For that reason it appears advisable to learn something of the man's background and of the peculiar qualifications which made him a favorite of the people first as Mayor of Detroit and later as Governor of Michigan. In 1840 he was born in Denmark, Maine, and was the descendant of Moses Pingree, who came to America from England and settled in Ipswich, Massachusetts. Hazen, after a minimum of schooling, at the age of fourteen entered a cotton mill at Saco, Maine. Some time later he became a leather splitter in a shoe factory at Hopkinton, Massachusetts. A boy of spirit, when the Civil War broke out he enlisted in the First Massachusetts Heavy Artillery. His active life as a soldier was cut short by Mosby's Guerillas who captured him. He languished many months in Andersonville prison and other well-known stockades, but was released in time to participate in the engage-

¹Catlin, "The Story of Detroit," Chapters C, CV, CVI.

ment at Petersburg and to witness the surrender of General Lee at Appomatox.

GOES TO DETROIT—While in Andersonville he became acquainted with some Detroit men and was much impressed by their pride in their town. They told him how Detroit was a center of the shoe industry, and that decided the young soldier to go to Detroit just as soon as he was mustered out of the service. His first job was that of clerk and cobbler for R. H. Fyfe on Jefferson Avenue. Later he worked in the H. P. Baldwin & Company shoe factory. In December, 1866, he associated himself with Charles H. Smith, forming with him the Pingree and Smith Shoe Company with a capital of \$1,360. In a comparatively few years the employees totaled over seven hundred and the annual sales exceeded \$1,000,000.

PINGREE THE MAYOR—At that time politics in Detroit were corrupt. The better class of citizens refused to hold office and consequently the underworld ruled. The men in office were, in many cases, uneducated and unknown, and naturally under such guidance the city began to deteriorate. Inspired among other things by a dramatic sermon by a Detroit preacher, the honest and sincere element determined to seek out some conscientious and able man who could be relied upon to serve the interests of the city. Pingree was accordingly elected mayor in 1889. He was a powerfully built man, with square jaw, a pink and white complexion, and cold blue eyes



HAZEN S. PINGREE

which gave him a placid appearance, concealing all evidence of his iron will, persistence, and limitless courage; when once aroused he swept all before him.

PUBLIC UTILITY PROGRAM—Upon assuming the reins of government Mayor Pingree systematically went about collecting data from other cities as to public service corporations that he might have some basis for judging just where Detroit stood as to service and the expense connected therewith. He discovered that cities of fifty thousand and over had electric trolley lines while Detroit was content with the horsecar, and that Detroit paid a \$1.50 gas rate whereas other cities paid but 80 cents per thousand cubic feet. The gas companies were found avaricious in at least one other respect. When an electric light company sought a franchise, they opposed it by every possible means. Mayor Pingree, however, finally reduced the authority of the gas interests, and it was through his efforts that Detroit ultimately secured a municipal electric light plant, and with it reasonable rates.

REAL ESTATE ASSESSMENTS—The Mayor, moreover, discovered that the methods employed in assessing property were unfair. Real estate plats were favored with a low basis of valuation until sold, and then the taxes in many cases were almost trebled. Business property was frequently assessed on forty per cent of its real value, but the little home owners of the city paid on a seventy per cent valuation. The

street railways paid not a cent on their physical property, nor did a number of large transportation companies which used the Detroit river front. Pingree was relentless in his efforts to adjust these discrepancies, and naturally many a wealthy citizen withdrew his support, feeling that the Mayor was an enemy of private property. As a matter of fact Mayor Pingree was only attempting to secure the greatest amount of justice for the greatest number of people. He became, as a result, the idol of the poor, who were almost compelled to feel at times that

“Laws grind the poor, and rich men guide the law.”

In reality, however, they were confusing wealth with corruption and selfishness.

PINGREE'S POTATO PATCHES—Pingree became a national celebrity during the panic of 1893. The poor people were in dire straits, yet many were too proud to seek help. The Mayor hit upon a happy idea when noting that there were many vacant lots in and about the city. He appealed to the owners for permission to let these lots be turned into temporary gardens and potato patches. Owners heartily agreed, and at once the executive was immediately swamped by people who sought this means of keeping the wolf from the door. After the churches failed to meet his appeal, the task of furnishing seed and implements was somehow managed by the Mayor. He inspired contributions by auctioning off his saddle horse and turning the proceeds to the purchase of supplies for the “new farmers.” By this act he endeared himself more than

ever to the rank and file, for he not only saved many from hunger, but also at the same time saved their pride. He did more, for every public work that could be undertaken while all these people were out of employment was instituted; streets were repaired, bridges built and gullies filled. Through effecting these needed improvements hundreds of men were given the opportunity of gaining an honest living.

STREET RAILWAY POLICY—Mayor Pingree is known best through his efforts to secure municipal ownership of the street railways in Detroit. The subsequent chapters in this section are devoted to an analysis and description of the efforts. While he did not succeed in this ambition, yet twenty years after his retirement his efforts were of pronounced value in preparing the way for the consummation of his purpose.

PINGREE THE GOVERNOR—In 1896 Mayor Pingree was made Governor of the state. He held the office for two terms fighting for the interest of the people. Though he made mistakes and was impulsive and visionary at times, it at least can never be said of him that he was dishonest. The keen-minded and the honest flocked to his standard and in the course of time the party machines all but melted away under his honest regime.

Upon retiring from office the Governor found that he was poorer by \$40,000 but he felt that he had gained far more than money could ever bring him.

DEATH OF PINGREE—While on a trip to South Africa he became ill, and realizing that the malady was fatal, he attempted to reach home before the end came, but he died in London, June 18, 1901.

Mr. Pingree and the street car problem came into prominence at the same time. The traction situation was a perplexing one at best, and, consequently a strong man was needed to cope with it; Mr. Pingree proved himself worthy of the trust and confidence placed in him as the champion of the people in their vain attempts either to regulate the street railway systems as they thought best or to secure municipal ownership.

TOM LOFTIN JOHNSON

EARLY LIFE—While Tom L. Johnson spent but a few years in Detroit, he, nevertheless, was a picturesque figure, a dynamic person, a fighter, an opponent of Mayor Pingree, yet his friend as well. Because of all this, and to understand his methods, ideals, and plans, it is advisable briefly to scan the circumstances of his life.

Tom Johnson was born at Blue Spring, Kentucky, in July, 1854, a descendant of a prominent Southern family. The poverty of his parents, as a result of the Civil War, compelled him to seek work early in life. With a grammar school education he began work in a Louisville rolling mill in 1869. After four months of this labor he procured a position in the street railway office at Louisville.² In a few months he was made

²Lorenz, "Tom L. Johnson," pp. 1, 5.

secretary of the company and a few years later became superintendent, holding the position until 1879 when he entered business for himself.³

ENTERED STREET CAR BUSINESS FOR HIMSELF—Two years later, supplied with funds secured through the invention of a coin fare box, he purchased the majority interest in the street railways of Indianapolis.⁴ Finding that his Indianapolis associates refused to supplant animal power by electricity, he sold out, and with a half million dollars to his account went to Cleveland in 1880 to gain control of an important street railway system.⁵ After some years of bitter fighting with his business and political opponent, Mark Hanna, he relinquished his Cleveland holdings and turned his business ability to street car systems in Detroit and Brooklyn, New York.⁶

HIS INTEREST IN POLITICS—Up to 1885 Tom Johnson was too much engrossed in making money to have much use for politics. One day while riding on a train he purchased and read *Social Problems* by Henry George. He became highly enthusiastic over it and immediately read the author's more widely known book *Progress and Poverty*. Since the single tax arguments of George appeared sound to him he became an ardent tax reformer and a champion of the single tax doctrine. He made a personal visit to Henry

³Johnson, "My Story," p. 11.

⁴Johnson, "My Story," p. 13.

⁵Lorenz, "Tom L. Johnson," p. 8.

⁶Johnson, "My Story," p. 9.

George, and through the insistence of this newly found friend, Johnson entered politics. After a second attempt he was elected to Congress in 1891 on a tax reform platform⁷. While he was running for reelection in 1894 he first met Peter Witt, at a tent meeting and later became his staunch friend and supporter. Witt was an iron moulder by trade and an intense hater of "big business," but as he once said, the only thanks he ever got for standing for the common good was to be on "the black-list of the criminal rich and in the distrust of the ignorant poor."⁸

JOHNSON IN DETROIT—It so happened that about the time that Tom Johnson was defeated for Congress, his brother Albert, together with R. T. Wilson, of New York, purchased the City Railway of Detroit. It was in poor physical as well as financial condition, and badly in need of rejuvenation. As previously stated, Wilson desirous of disposing of his own interest persuaded Tom Johnson to take the management of this new purchase. At this time Mayor Pingree was anxious to establish a cross town line and a three-cent fare. To his amazement Johnson did not oppose the giving of a favorable franchise to the competing line. The following story of this interview as told by Johnson is highly entertaining.⁹

"When some of the councilmen who were known to be friends of the old system—told the Mayor I had

⁷Lorenz, "Tom L. Johnson," p. 15.

⁸Johnson, "My Story," p. 85.

⁹Johnson, "My Story," p. 93.

advised them to vote with him for the three-cent grant and had advised against imposing any hardship on Everett and his friends, he was thoroughly mystified.

"When we met he asked me in his frank, manly way to explain my attitude. I told him the city needed additional street railway facilities; it was evident our company couldn't get any concessions and that the new company ought to have them; that my reasons for wanting the grants made to the new company on as fair a basis as possible was purely selfish, for it would be only a question of time until the old company would acquire them. To impose unfair conditions in the new grants would be simply putting burdens on our own backs when these lines came to be absorbed by ours.

"This amused the Mayor, and he called my attention to a provision in the grant which said that if the new company should consolidate with or sell out to the old the grant became void. I replied that notwithstanding that provision or any other they could frame into words nothing could prevent us from acquiring the other road. This rather staggered Mr. Pingree and in his childlike way he said:

"Mr. Johnson, explain that to me, won't you?

"I will not consolidate with the new company or make any attempt to buy it," I answered, "but some day I will have a friend of mine down in New York or West Virginia or somewhere else, whom I shall call Smith for convenience, acquire the stock of the rail-

road by purchase, and, Mr. Mayor, if you attempt to put in a proviso to prevent my Smith, or some other Smith from doing this, you will simply defeat your own ends, for railroad stocks to be useful must be salable.”¹⁰

Johnson further told the Mayor that the only thing that could prevent the purchase of the three-cent line would be for the city to own and operate it. Pingree, however, felt that there would be some question as to the constitutionality of such a venture.

Not over eight months elapsed before Johnson accomplished his threat, but in spite of that, Pingree and Johnson became warm friends, for both favored municipal ownership; naturally, however, the latter was in duty bound to stand up for his company against the city.¹¹ Later on Johnson cooperated with Pingree in an effort to sell all the lines to the city, but as subsequent chapters relate, this plan was unavailing. The constitution of the state prevented such business activities on the part of municipalities. Johnson, however, claimed that it failed because the price was said to be too high, and the people feared that he was taking advantage of Mayor Pingree. In *My Story* he says, “Then Detroit realized the chance it had missed and couldn’t avoid seeing that I was more interested in municipal ownership than I was in personal profits.”¹²

¹⁰Johnson, “My Story,” pp. 93-94.

¹¹Johnson, “My Story,” pp. 94-95.

¹²Johnson, “My Story,” p. 96.

MAYOR JOHNSON OF CLEVELAND—Upon his departure from Detroit Johnson returned to Cleveland and in 1901 became Mayor of the city. In assuming his duties on the morning of April 4, he employed Mussolini tactics, for he literally took the office by storm, bursting into the room and peremptorily announcing to the retiring incumbent that he had qualified for Mayor and had come to assume the duties. He had a reason for this conduct, for he hoped to assume command before Mayor Farley could sign a certain ordinance granting huge privileges to a certain private corporation. In this effort he was successful.¹³

His was the laudable ambition of making Cleveland the best governed city in the country. He eventually succeeded but at frightful cost to himself. He began by urging tax reform; he improved streets and lighting; he abolished grade crossings; he instituted a park system that could be enjoyed by the masses; and above all he brought about cheap street car fare.

While Mayor Johnson was not infallible in choosing his lieutenants, he did make many wise selections including men who had studied under masters in the field of social science. His interest in this type of leader was amply illustrated by a conversation held one evening at Tom Johnson's home while Mayor of Cleveland. Professor Edward W. Bemis, formerly of the University of Chicago, was present with Dr. Richard T. Ely, then of the University of Wisconsin.

¹³Lorenz, "Tom L. Johnson," p. 35.

During the course of the evening Johnson complimented the work of Dr. Ely which led to some highly significant remarks, in substance as follows: "What a great thing it would be, Dr. Ely," commented Johnson, "if you were here in Ohio and doing something practical. Suppose you were Auditor of the State of Ohio. We could work together and get results of significance." To this, Professor Ely replied, "I appreciate very much your kind remarks. If we were in Ohio working together it would be very gratifying to me in many ways. I should certainly appreciate your cooperation. However, it has always seemed to me that I could do more by working through others rather than working directly in public life." Dr. Bemis then said, "Mr. Mayor, I am your Superintendent of Water Works and you feel that I am of assistance to you. It was from Professor Ely that I got my inspiration. You owe it to Professor Ely that I am here as your Superintendent of Water Works cooperating with you." Then somebody else remarked, "Mr. Johnson, you feel that Newton D. Baker is your right-hand man. You regard him as the ablest lawyer in Ohio and you have said you do not know what you would do without his cooperation. Mr. Baker was one of Dr. Ely's students and he says that it was due to Dr. Ely that he is working as he is with you." Then someone else joined in the conversation, "Fred Howe is your right-hand man in the city council and you feel that he is of much help to you. He was one of Dr. Ely's students and Dr. Ely gave him that inspiration which has started him on

his career and has put him where he is in active cooperation with you." Mr. Johnson was impressed with the idea that teachers could at times be of more help if they confined themselves to their profession while acting through others, than engage directly in what he regarded practical affairs. It is said that Mr. Johnson often commented upon this incident.¹⁴

After many bitter struggles and defeats as Mayor of Cleveland Tom Loftin Johnson died April 10, 1911, a man, "essentially the product of American life with its struggles, its disregard for conventionalities, its love of achievement, and its recklessness in gaining an end."¹⁵

Whatever his faults, he was a great man, possessed of rare and valuable qualities. No one is so well qualified to speak concerning this gifted man as Newton D. Baker, who for many years was associated with him. When asked with reference to the equipment and characteristics of his old friend, he replied, "I was actively associated with Tom L. Johnson from 1901 to the time of his death. During all of that time he was Mayor of Cleveland. He was certainly the greatest municipal executive America has yet produced, so far as I have any knowledge of such things. His personality was magnetic and fascinating—the scope of his mind amazingly wide, and of all the men with whom I have come in contact, he was the wisest in his knowledge of the meaning and method of democracy in action."¹⁶

¹⁴Letter from Dr. Richard T. Ely, in private possession.

¹⁵Lorenz, "Tom L. Johnson," p. 138.

¹⁶Letter from Newton D. Baker, in private possession.

CHAPTER V

THE DETROIT CITY RAILWAY COMPANY

EXPERIMENTS

ELECTRIC STORAGE BATTERIES—During 1890 and 1891 the City Railway Company experimented with devices which, had they proved successful, would have led to the discontinuance of the horsecar, so much objected to by the new Mayor. In February 1890 the company let it be known that it was having two cars built for the sole purpose of determining the value of electricity as a motive power.¹ It appears that the use of the storage battery did not prove popular. Cameron Currie of the City Railway said in a response to an inquiry concerning its practicability in 1891, that it had not yet been developed, but "as to whether a storage battery car with the cells exchanged would be practical or not, is a question for those to determine who are engaged in that work. It is a question to which I have given no thought, although it would seem on its face worthy of some consideration."²

HEALLY STEAM MOTOR—Experiments were likewise made with steam with varying results. It was learned in January, 1891 that the company was having a steam motor constructed at the Fulton Iron

¹*The Detroit Tribune*, (August 30, 1890). Vol. 2, p. 437.

²*The Detroit Free Press*, (January 29, 1891). Vol. 2, p. 446.

Works.³ The machine, known as the Heally Steam Motor, was patented by C. E. Heally of New London, Ohio. It gave great promise of furnishing a steady and efficient motive power, and the public appeared to have fewer doubts concerning it than they did as to the practicability of electricity. Early in February the motor was tested out upon a two hundred foot track within the Antoine Street car barn. Only officials of the company, some employees and the originator of the patent were at the test. All witnessing the trial expressed themselves heartily in favor of the machine for it gave off very little smoke and was practically noiseless. The *Tribune* of February 17 gave a glowing account which in part follows:

“The car is only 12 feet long or about the size of a one-horse street car and is provided with the “pig in clover” platform effected by the City Railway.

“It looks very high owing to its short length but as a matter of fact it is not more than six inches taller than an ordinary street car from the roof to the rail. The car is painted a brilliant maroon and cream color and is profusely striped with silver and gold. The machinery is out of sight being enclosed in a wood box or well 4 feet square between the wheels. This well is made of soft wood and practically kills all sound from the machinery as well as protecting it from dust. The wheels are four in number as on an ordinary car and are protected with light wooden guards or cow-catchers at the front and rear as on an

³The *Detroit Free Press*, (January 21, 1891). Vol. 2, p. 444.

electric car. In fact the machine looks just like an electric motor with the exception of the vertical steel boiler standing just inside of the door at one end and a light smoke stack projecting a half inch above the roof.

"The motive power is obtained from a double cylinder oscillating engine of the simplest construction, turning a drum which is geared to the wheels by belts or chains. A steam brake, which Mr. Heally claims can stop the car in the same space of time that a horsecar driver requires to wind up his brake, is among the appurtenances.

"The strong point of the invention is the doing away with the exhaust steam, but Mr. Heally will not tell just how this is done, as patents are still pending. The motor complete with coal and water sufficient for a 20-mile run will weigh about 4 tons. No passengers will be carried on the motor itself but in other cars hauled by it."⁴

It was expected that 6 or 7 cars would be hauled by the engine. The plan called for putting the new invention in operation on the Jefferson Avenue Line, and in the event that it proved satisfactory in every way, it would then be placed on the other lines in the city.⁵ The waste steam was to be used to heat the cars.⁶ By June a Heally Motor was running on Woodward Avenue,⁷ but apparently the results experienced

⁴*The Detroit Tribune*, (February 17, 1891). Vol. 2, pp. 448-450.

⁵*The Detroit Tribune*, (February 17, 1891). Vol. 2, p. 450.

⁶*The Evening News*, (February 24, 1891). Vol. 2, p. 451.

⁷*The Detroit Journal*, (June 2, 1891). Vol. 2, p. 456.

were not as glowing as anticipated, for from that time scant mention is made of the Heally Motor or any other type of steam engine for street railway service. The attention of street railway men seemed to turn more and more to the possibilities of electricity, and within a few months the papers contained many accounts concerning trolley lines. Plans were discussed for the construction of the overhead electric system on the principal streets.

THE STRIKE OF 1891

THE CAUSE—At the time that the matter of electrification was before those in charge they were compelled to divert their attention to the labor situation. The month of April 1891 witnessed a brief, bloody, and decisive street car strike. On April 17, the employees of the City Railway Company were much disturbed by the news that a number of veteran employees had summarily been dropped from the pay roll. Rumors flew thick and fast as to the number discharged. Some said but eight, while others placed the total at fifty. A newspaper reporter claimed that he checked up and found that seventeen were on the list, but the company gave the number as twelve. It was generally assumed that the reason for the numerous dismissals on the part of the company was that some of the men were supposed to have affiliated themselves with a street railway employee's union being organized in the city. The union organization was given impetus through a bill in the legislature which if passed would reduce the hours of labor for

street railway employees from 12 to 10. At the last of March the company circulated a letter among its men concerning the bill saying that of course if passed it would react to the disadvantage of labor in that the wages would naturally be reduced proportionately. Petitions in opposition to the bill were placed in various barns and the men invited to sign them. But few expressed themselves as being in sympathy with the petition. Rather, some asserted that they would prefer to work 10 hours for 10 hours pay than 12 hours at 12 hours pay. They generally concluded the discussion by saying that they were of the opinion that the wages should not be cut, for they were already receiving less than was just.

A conductor who was an active worker in the new labor union said "that bill to make 10 hours a day's work was being pushed in the House by the street railway employees of several of the largest cities in Michigan. This was of course unknown to the railway companies. When their circular letters were received we, of course, laughed in our sleeves and kept still. When we were asked to sign the protests most of us declined, stating that we did not oppose the bill. Of course we were not fools enough to support a bill and then turn around and protest against its passage." He further declared that the organization had been of gradual growth and that no one had been urged to join against his will. He said that the street car employees of Detroit were never so well organized in the past and disclaimed any inclination upon their

part to strike, but said that they naturally hoped the 10 hour bill would become a law.

When Strathearn Hendrie was approached on the matter he expressed himself directly and in no uncertain manner, saying: "These men were discharged because they were agitators, and we did not care to retain them in our employ." He stressed the duty that the company owed to the public and the fact that it was improper to employ men who were not willing to put the company's interests foremost. He believed that the labor organization was instigated by outside professionals ably assisted by a few agitators in the ranks of the railway company's employ. "They have promoted this organization and attempted to coerce our other employees into joining it, many of them against their will. Our men have complained of this and threatened to leave if they were not protected from them."⁸

When the employees of the Grand River road learned that one of their number had also been discharged their interest increased in the organization, the ten hour law, and the discharge of men without giving cause. On the same evening State Senator Peter E. Park addressed a large crowd at Brandt's Hall, 163 Michigan Avenue, on the Ten Hour Bill for which he was sponsor. After the Senator's speech a delegation was appointed to wait upon officials of the Street Railway Company to seek an explanation or reason for the discharge of the men. About 75 per

⁸*The Detroit Free Press*, (April 18, 1891).

cent of the street car employees were enrolled in the union and great optimism was expressed at the meeting. Union officials were careful to let it be known that there was no intention of striking and indeed that the idea had not even been mentioned during the entire evening.⁹

COMMITTEE MEETS RAILWAY OFFICIALS—On April 20, the committee visited the Railway offices where they conferred with Treasurer Strathearn Hendrie, Secretary Cameron Currie, and Manager John F. Frye. Mr. Hendrie opened the conference by asking the men whom they represented. Mr. Law of the committee responded that they were delegated by the employees of the company and were their representatives. Mr. Hendrie asked how many they represented and was answered "200 employees." Later it was learned that the total employed by the City Company plus those of the Grand River Road was about 750; so that 200 would be but a small number of employees to direct action. The company refused to reinstate the discharged men on the ground that they had associated themselves with a class of men not only antagonistic to the street railway but to corporate organization in general. Mr. Frye maintained that if the men had a grievance they should have come to the company instead of appealing to outsiders. The company officials further insisted that they had absolutely as much right to discharge a man without stating a reason as the man had to resign without

⁹*The Detroit Free Press*, (April 18, 1891).

presenting his reasons. Thus nothing came of the conference.¹⁰

VOTE TO STRIKE—An all night session of the Street Railway Employees Association convened at Brandt's Hall on the following Monday evening. The assembly received the report of the committee which had waited upon the officials of the road. Eloquent speeches stirred the enthusiasm of the ever increasing numbers. By 2 o'clock the hall was filled to overflowing. At this meeting the word "strike" was uppermost. After all who so desired had expressed themselves a vote was taken and by secret ballot it was decided to tie up seven systems the next morning. The unfortunate lines were to be the Michigan Avenue, Trumbull Avenue, Gratiot Avenue, and the Chene Street Line of the City Railway Company, as well as the entire Grand River system. The meeting adjourned about 4 A. M.

STRIKE BEGINS—Early that morning there was a sinister silence pervading the locality of each car barn. Those who had voted to strike gathered in quiet groups to await developments. At some of the barns no men were available; at others men were willing until they looked at the menacing mob and decided they had best not work that day. In a few instances cars started out as usual but the strikers saw to it that progress was checked. The men seemed to vent most of their wrath upon the Michigan

¹⁰*The Detroit Free Press*, (April 21, 1891).

Avenue Line, for from it came most of those who had been discharged.

THE FIRST VIOLENCE—By a quarter to six some fifty sullen and determined looking men were gathered at the corner of Michigan and Clark Avenues where the car barns were located. The first car drew out of the building. A moment of silence followed; then with a shout the mob rushed the car, unhitched the horses, returned them to the stable, and picked up the car bodily to place it across the track. John Buck, the driver, was pulled from the platform in no gentle manner, while Superintendent Livingstone was taunted when he threatened police intervention. About 8 o'clock Captain Nyler with a number of policemen arrived on the scene and the cars were started out under the protection of the law. Not until 2 o'clock were the thirteen cars required by schedule all in operation.

The Gratiot Line was not so fortunate, for though violence was not as much in evidence as on the Michigan Line, still the men were in sympathy with the strikers and agreed to handle no cars.¹¹

THE SECOND DAY OF RIOTING—All the following day and night the strike continued, and acts of violence increased in number as night drew near. The scenes of greatest violence were on the Jefferson, Woodward, Gratiot and Michigan Avenue Lines. Travel was at a standstill on all of these for at least a

¹¹*The Detroit Free Press*, (April 22, 1891).

portion of the day. The cars that were so fortunate as to get through the lines of strikers did so only under police protection. It was very evident that the masses were in favor of the strikers. Even the women did their bit at the corner of Jefferson and Belle Isle Avenues, where a large number gathered hooting and jeering the conductors and drivers as they passed by. Not content with that, the women showered them with stones to which the bluecoated guard was not immune. The most serious trouble occurred about 5 o'clock, started by Michigan Stove Works' employees at the corner of Jefferson Avenue and Walker Street. As a car came along it encountered several lamp posts across the track. As it came to a stop preparatory to removing the obstruction, the stove workers attacked the car in a body. The police succeeded in restoring order only after a severe fight and the arrest of several strikers.

While conflict was raging on this line, the other lines under the ban were suffering in similar manner. Space permits but a few details. The Gratiot Line suffered heavily. At 9 o'clock, a large party of strikers on Antoine Street detected a car without policemen. That was a signal for a rush. Three men mounted the rear platform and a similar number the front. They siezed conductor Gould but failed in their attempt to throw him from the car. The passengers witnessed a sickening sight on the front platform while the battle was raging on the rear. Driver Weston was struck a terrific blow in the face in return for which he put considerable power behind the brake handle and

struck the head of his assailant. Then they clinched and fell to the pavement. The excited throng called the ambulance and the combatants were rushed to Harper Hospital ambulance station on Antoine Street. During the afternoon the company officers met and decided that no cars would run that night. It was felt that under the cover of darkness the mob might stop at nothing short of fatalities and additional property damage.

THIRD DAY OF VIOLENCE—Late in the evening the carmen's organization met and decided to extend the strike to all lines in the city the following day. "You'll see trouble tomorrow if the railways attempt to start a car. We'll turn them bottom side up."¹² The men made good their word, for practically no cars operated on the day following. Tracks were torn up in many places and every available obstruction was used to make street car travel impossible. No attempt was made to operate cars on any but the Woodward Avenue Line, and this attempt was not made until about 3:30 P. M. under a heavy police guard. The afternoon opened with a parade of three hundred sympathetic shoemakers headed by a brass band and banners bearing inscriptions designated to encourage the street car strikers. It was a very orderly demonstration. The parades visited the office of the railway company, the private offices of some of the officials, and in their desire to be impartial even serenaded the homes of some of these gentlemen. In the meantime

¹²*The Detroit Free Press*, (April 23, 1891).

Treasurer Hendrie purchased revolvers and cartridges at Field's store, which he distributed among some of the employees. About 3 o'clock the attention of both citizen and police was directed to Woodward Avenue where the most violent scenes of the strike were enacted. It was the storm center of the day, for blood flowed freely, and arrests were made continuously; at times, however, the police were made powerless to cope with the situation. One illustration must suffice to convey an idea of the general condition. At 4 P. M., car 196 was made ready for the trip along Woodward Avenue. The avenue was packed with an excited and expectant crowd of onlookers on the sidewalks, on horseback, and riding in every sort of vehicle, roosting in trees and upon electric light poles. The strikers had congregated in a large mob. As the car was ready to proceed, policemen arranged themselves along both sides of the track, the driver released the brake, spoke to the horses and car 196 was in motion. But not for long, for immediately a shout went up, and the crashing of glass was heard as bricks smashed through the car windows. Since the driver was brave, he finally pushed on until opposite the barn where one of the well aimed bricks caught him between the eyes. With a leap he cleared the front of the car and with speed retreated to the barn. The policemen immediately charged the crowd, arresting two men accused of hurling the missiles, and with difficulty headed toward the police station. With this bit of drama over, the crowd was just turning to seek further combat elsewhere when there appeared on the scene a well

groomed horse drawing a stylish two-wheeled cart in which sat Mayor Pingree accompanied by Sheriff Hanley. These two were greeted by lusty shouts and cries. "Say, Mayor, make the police go home," came from one lusty pair of lungs, and other equally wise suggestions were hurled at the smiling and amiable executive. Finally Mayor Pingree halted in the midst of the excited throng. He was urged by Captain of the police to order the crowd to disperse. To this His Honor blandly answered by a question,—"Why, they are not misbehaving, are they?"

"Yes, Sir, they are molesting the street car company's property and assaulting their employes," was the captain's response.

"Is this so," replied the Mayor as he urged his horse into a slow trot. A little further on he again halted, and this time urged the throng to refrain from committing any acts that might incite others to commit acts of violence that would reflect upon the innocent and thus cause undue suffering.

PINGREE MOVES TO ARBITRATE—By this time the city officials were thoroughly aroused and many of the aldermen urged the Mayor to call a special council meeting to cope with the situation. He refused so to do, for he had his own idea as to the appropriate method of settlement. At noon, April 23, he forwarded to the railway office a letter urging arbitration.¹³ The company agreed with Mayor Pingree and steps were at once taken to arbitrate the difficulties.¹⁴

¹³*The Detroit Free Press*, (April 24, 1891).

¹⁴*The Detroit Free Press*, (April 25, 1891).

ARBITRATION COMMITTEE—The committee appointed by the Trade Council, Robert Law, of the strike committee, and F. A. Baker, John C. Donnelly, and John H. Bissel, for the company, met in Mayor Pingree's office at 9:30. While awaiting the decision of the Street Car Association as to whether it desired to arbitrate, it was informally decided that the company would withdraw its contention that it had the unquestioned right to discharge summarily men who organized and joined a labor union. This concession cleared away an almost insurmountable difficulty, thus leaving for arbitration only the less difficult question of "incompetency or infidelity to the company" to be settled.

ARBITRATION—It was not until well after midnight that a committee of five from the Street Railway Association reported that they were ready to proceed with arbitration. Conductor J. H. McCormick stated that the men would return to work just as soon as it was possible to round them up. The committee then went into conference and at about 1 o'clock they announced that their choice of members to act upon the arbitration committee fell upon W. A. Taylor, a printer and delegate to the Trades Council, and Robert Law, a street car driver and chairman of the strike committee. Plans were made to meet at 9 o'clock the next morning to select the other members to the committee. It was indeed a welcome sound to early risers to hear again the first street car on the Grand River line as it appeared at 6:18 A. M. with its

old crew as though there had never been any interruption. It was not long before the other lines were operating on schedule.

ARBITRATION AGREEMENT—The street car company soon appointed Michael J. Dee and Mr. George Jerome to the arbitration board.¹⁵ The board held its final meeting on April 27. There was some difficulty in choosing a fifth member of the board. Rev. Dr. C. R. Henderson, pastor of the Woodward Avenue Baptist Church, was finally selected, and made chairman of the committee while W. A. Taylor was made secretary. The result of the amicable meeting was the following agreement in the form of a resolution approved and signed by members of the board.¹⁶

“Resolved, That the present matters in difference between the Detroit City Railway and its employees be adjusted as follows:

1. That the company treat the men recently discharged as fully reinstated, and withdraw the complaint on which they were discharged.
2. That all the employees be returned to duty; that they organize themselves into a union and treat with the company through a union.
3. That the employees, through the union or a committee appointed by them, present any grievances they have to the officers of the company and endeavor to come to a satisfactory

¹⁵*The Detroit Free Press*, (April 24, 1891).

¹⁶*The Detroit Free Press*, (April 28, 1891).

understanding; and if any differences arise that cannot be adjusted by the voluntary agreement of the parties, that the matter in dispute be submitted, at the request of either party, to this board of arbitrators, subject to the right of the parties to fill any vacancy that may arise in the members appointed by them.

4. In case a vacancy occurs in the fifth member of the board, the same is to be filled by appointment of the four members appointed by the parties respectively.
5. That the union shall not discriminate as to admission to membership against any of the present employees of the Company, on account of their cause in the recent troubles.
6. This board is to be dissolved on the mutual agreement of the parties in interest."

GEORGE HENDRIE PRAISED—While the masses sided with the strikers throughout the days of violence, and though others did not give full sympathy to the company, yet they did appreciate the fact that the officials were good citizens. One man in a communication said of George Hendrie. "His left hand does not know what his right hand doeth in charity's sweet name, but I of my personal knowledge can tell of a dozen homes that have been made brighter, of fifty hearts that have been made lighter, by his generous and kindly acts and I feel sure of calling forth hearty 'That's so' when I say that many a working-

man, in time of trouble, sickness, and distress has had occasion to bless the name of George Hendrie.

"I remember hearing one of his countrymen say of him, 'Aye, Georgie Hendrie has a heart in 'um as big as a twa' pund broon loaf. I dinna ken what I'd a done this winter et ut had na' ben for him, God bless him.'

"Many of my own countrymen can say the same, for Georgie is na' clannish."¹⁷

UNION DEMANDS—By May 4, the union had formulated its grievances under sixteen heads which they submitted to the Street Railway Company. The most important of the demands were: that ten hours constitute a day's work; that the pay for both conductor and driver be advanced to twenty cents an hour, and Sunday work be paid for at the rate of thirty cents per hour, and that each man have the privilege of at least one day of rest in each fortnight.

In the course of a few days the company responded with a carefully prepared letter stating just what requests would be granted, and what ones would be denied.

When officials of the union read this message they expressed disapproval, and state that the concessions made were of little significance and that the men would never continue on a twelve hour day basis. Said Mr. Law, "They grant each man the privilege of getting off one day in each fortnight, if there are any extra men to take their places." "The very reason I was fired," exclaimed Mr. Taylor, "was

¹⁷*The Detroit Free Press*, (April 28, 1891).

because I applied for a day off. I was sick and unable to work, and half a dozen extra men were lying around waiting for a job, yet I was refused because I didn't go down and see the old man about it, and when I did go and see him he put in my resignation for me."¹⁸

COMPANY ARBITRATES—It was finally agreed that a committee from the union meet with the company officials to discuss the matter and if possible bring it to a satisfactory settlement without the assistance of the board of arbitration. At 11 A. M., May 11, the first formal meeting between the officers of the City Railway Company and a committee representing the new employees association was held, and continued until 2 P. M. As a result of this meeting an amicable arrangement was concluded satisfactory to both parties in which it was agreed that ¹⁹

1. Ten hours was to constitute a day's work.
2. The pay for conductors would be 18 cents per hour and for drivers 17 cents.
3. Arrangements would be made so that men could get off duty at least one day each fortnight.

Other minor concessions were made by the corporate officials so that, all in all, the conference resulted in a victory for the men. Conference and arbitration thus proved to be far more valuable than the strike with all its attendant evils.

¹⁸*The Detroit Free Press*, (May 7, 1891).

¹⁹*The Detroit Free Press*, (May 12, 1891).

THE FRANCHISE CONTROVERSY OF 1891

POOR EQUIPMENT—In 1890 Detroit was woefully lacking in modern street car equipment. While New York, Cleveland and many other large cities had definitely adopted electric motive power, Detroit, apparently, was contented to jog along with the old horse drawn vehicle. Upon assuming office Mayor Pingree availed himself of every opportunity to call the citizens' attention to the regrettable situation. Then the leading street car companies began to agree heartily with the sentiment that the lines should be electrified and that the various companies would be glad to cooperate. But, such improvements would cost huge sums, which the lines would willingly raise provided the city would assure them the use of its streets a sufficient number of years to secure an adequate return on the investment. This proved to be a very effective argument in urging the grant of another franchise.

In 1863 the City Railway was granted a thirty year franchise, but in 1879 while this concession still had fourteen years to run, the company secured an extension, advancing the date to 1909. Mayor Pingree held grave doubts as to the legality of this extension because it was granted during the term of the previous franchise. He was of the opinion that the real expiration was 1893. It is not known whether street car officials shared his doubts or not, but in any event they were eager to secure a definite extension of time with the council and the mayor approving.

NEW COMPANY—In the fall of 1890 a new corporation appeared, of which little is known except that it acquired the control of the City Railway. This new company was officially known as the Detroit Street Railway Company. The City Line seems to have kept its own name for the time being, and the public took little interest in this new corporation.²⁰

ORDINANCES PASS COUNCIL—Early in 1891 the new corporation sought a thirty year franchise. Coincident with the request the City Railway, the Grand River Company and the Fort Street Line requested extensions of time. In seeking these favors the corporations made no mention of giving the city any financial benefit other than the usual $1\frac{1}{2}$ per cent tax on gross receipts and the regular tax on lots and buildings. This was not the general practice elsewhere, for in some cities at least the company paid for franchises and also ascertain sum for track extension privileges.²¹

CITIZENS INDIGNANT—On July 2, the city council granted the franchise extensions as requested. Immediately the citizens were in an uproar, and too late, many of the councilmen realized their blunder. Letters and editorials appeared denouncing the action of the council. A petition signed by a large number from all walks of life demanded a mass meeting which was called for 8 o'clock July 3. At the appointed hour

²⁰Annual Report of the Department of Street Railways 1923. Chart after Page 31.

²¹*The Detroit Free Press*, (July 2, 1891).

crowds swarmed into the hall until some three thousand were assembled. It was not a gathering of an unthinking, irritated mob, but of responsible citizens from the most prominent to the most obscure men who paid taxes and were interested in their voting privilege. In commenting upon the meeting one of the newspapers stated that in the sense of its inclusiveness it was "the best people's meeting that has been held in this city, since the days of the war. Its officers were the representative men of the city, and the vast hall was filled."²² The council was roundly denounced for its action, and the concensus of opinion was that something must be done to prevent the ordinance from becoming law.

PINGREE'S VETO—At a gathering of influential citizens in the Mayor's office it was decided to call a special meeting of the common council for 8 P. M., July 9.²³ Long before the hour of meeting the corridors were filled with anxious men eager for a seat in the council chamber, for it was expected that the meeting would be of a fiery nature. However, the doors were not unlocked until nearly 8 o'clock. All leaned forward expectantly as the Mayor's answer to the bill was read. As the citizens half anticipated and earnestly hoped, it was a veto message. It was an admirable bit of logic, and important because it set forth clearly and definitely the Mayor's policy with respect to the street railway problem, the policy to

²²*The Detroit Free Press*, (July 7, 1891).

²³*The Detroit Free Press*, (July 9, 1891).

which he unswervingly adhered throughout his administration, first as Mayor of Detroit and then as Governor of Michigan. This policy formed the platform upon which was waged the bitter fight with the street car systems of Detroit for nearly thirty years after the first memorable reading in the council chamber July 9, 1891.

THE VETO MESSAGE—The message opened with the assertion that the private ownership of natural monopolies in a city is financially unwise and that the experience of many European and American cities would substantiate the statement. It is difficult to see why city officials should give away public property without some compensation unless in some way it be to their private interest. In fighting the battle for municipal ownership the message urged the individuals should not be too severely blamed, for the major fault lay with the system of private ownership of natural monopolies. After briefly reviewing the acts of the council the Mayor stated "It is thus evident that the effect of the ordinance is, first, to enable the old City Railway Company to assign all its franchises and property to the new corporation; and second; to confer to the new corporation a franchise embracing the right to operate a street railway upon all the thoroughfares of the city."²⁴ The message next set forth the fact that a franchise is just as much property as the money which has been raised by taxation; hence it would be wrong to give away a

²⁴*The Detroit Free Press*, (July 10, 1891).

franchise either "as a reward of merit or as a subsidy."²⁵ Such a policy would entail the payment of an exorbitant price for rapid transit, for not only would it virtually be giving away millions of dollars, but at the same time would bind the city hand and foot for a generation to come. Then too, the companies might not choose to furnish the rapid transit, preferring to sell the right to others for perhaps four million dollars. Further, the question was raised whether the corporation could be compelled to give rapid transit until the old franchises had matured. The message next discussed the power of the city to appropriate railway property under the right of eminent domain. "Their property in this franchise, for the unexpired term, is no more sacred and no more above the law, and above the power of eminent domain, than the property of private citizens, which is taken every day for public purposes. The value of that unexpired term of the City Railway Company under the Constitution of this state, would be appraised by twelve citizens and free holders of this community; and it may be remarked in passing, that the returns of the Railway Company, to the City Treasurer's office, for its gross receipts, for the purpose of taxation, would be evidence of the value of its franchises which the City Railway could not successfully contradict."²⁶

Pingree held that the city could relieve the burdens of taxation by either selling the franchises for what

²⁵*The Detroit Free Press*, (July 10, 1891).

²⁶*The Detroit Free Press*, (July 10, 1891).

they were actually worth or by compelling the companies to reduce the fares to a minimum for the benefit of the people. In conclusion: "Gentlemen of the Council, I cannot believe that when these ordinances were passed by you, that you knew that you were granting a new franchise of thirty years to a new corporation created but six months ago; and not only this, but that you were consenting to a transfer to such new corporation, in addition to all of the new rights granted to it, all the exceptional and remarkably valuable franchises already voted to the old City Railway."²⁷

VETO SUSTAINED—The vote was immediately taken, and the veto of the Mayor was unanimously sustained. It was a victory for the city, but at best of little consequence other than that it was the first incident in a long and bitter war of private against municipal ownership. From that time until 1922 the street railway question was of major importance in every political campaign.

²⁷*The Detroit Free Press*, (July 10, 1891).

CHAPTER VI

THE FORT WAYNE & ELMWOOD RAILWAY COMPANY

IMPROVEMENTS

STORAGE BATTERY CARS—Unlike some of the other large street railway companies in Detroit the Fort Wayne was never engaged in any serious altercation with the city. It preferred to devote its time to experimentation in an effort to improve both system and service. During the spring of 1890 the company experimented extensively with the storage battery car and high hopes were maintained as to the probable outcome. On April 11 a trial trip was made upon Woodward Avenue and was reported successful.¹ It was stated that soon a new motor would be in operation that could be started, stopped, and reversed almost instantly without impairing the cells.²

ELECTRIFICATION OF LINE—This initial success led the company to undertake the electrification of its entire system, but from a study of the contracts awarded it appears that the overhead trolley system was adopted in preference to the storage battery car. In June a contract was let to the General Electric Company to equip electrically by October 1, 1890 the entire Fort Wayne line. Engines of twelve

¹*The Detroit Journal*, (March 2, 1891). Vol. 2, p. 452.

²*The Detroit Free Press*, (April 12, 1890). Vol. 2, p. 432.

hundred horse power capacity were ordered and plans were completed for the erection of a new power house. A contract was given to the J. G. Brill Company of Philadelphia for thirty cars, each to be eighteen feet long with a carrying capacity of eighty passengers.³ The poles for the overhead equipment were to be of iron in the central part of the city, while those on the outskirts were to be of wood.⁴ On October 10 it was announced that within the week a trial trip would be made.⁵ New electric cars were added from time to time, so that by the fall of 1895 but one horse car could be found upon its lines, the only remaining relic of its kind to be seen in Detroit.⁶

OTHER IMPROVEMENTS—With the larger car coming into general use, it was found necessary to lay ninety pound girder rails, which were placed upon heavy oak ties carried on a foundation of thirteen inches of solid concrete.⁷ Improved running schedules were from time to time adopted, as for instance, on June 24, 1891 it was announced that "Tomorrow night the Fort Wayne and Elmwood Road will inaugurate a new night service east of Woodward Avenue. Beginning at midnight cars will run on a schedule of an hour and ten minutes, leaving Woodward at 12:00, 1:10, 2:20, 3:30, 4:40, and 5:50 A. M. A similar night service will be given by the Company

³*The Evening News*, (June 14, 1892). Vol. 2, p. 485.

⁴*The Evening News*, (July 5, 1892). Vol. 2, p. 485.

⁵*The Detroit Free Press*, (October 10, 1892). Vol. 2, p. 502.

⁶*The Evening News*, (November 13, 1895). Vol. 2, p. 791.

⁷*The Detroit Journal*, (September 2, 1893). Vol. 2, p. 541.

west of Woodward Avenue.”⁸ Again, on August 18, 1895 a five minute day service was instituted.⁹ The company, it appeared was endeavoring to do all in its power to meet the needs of the traveling public.

THE THREE CENT FRANCHISE

THE FRANCHISE—In March 1896 Mayor Pingree let it be known that he favored giving the Fort Wayne Company a new franchise providing eight tickets for a quarter from 5:45 A. M. to 12:05 P. M., the city to buy the plant after thirty years.¹⁰ After many delays and numerous amendments and alterations, an ordinance was passed to run thirty years from December 4, 1894. An effort was made to compel the company to agree to a clause requiring universal transfers, but the officials firmly refused it.¹¹ Pingree signed the ordinance as passed.¹² The eight-for-a-quarter rate went into effect July 2,¹³ to the pleasure of the patrons.¹⁴

SUCCESS OF ORDINANCE—When questioned as to the probable success of the venture Secretary Goodwin remarked:¹⁵ “We are carrying more people than we did before the three cent fare system was put into effect. We do not know yet whether the three cent

⁸*The Detroit Journal*, (June 24, 1891). Vol. 2, p. 461.

⁹*The Evening News*, (August 9, 1895). Vol. 2, p. 706.

¹⁰*The Evening News*, (March 11, 1896). Vol. 3, p. 1069.

¹¹*The Detroit Tribune*, (May 26, 1896). Vol. 3, p. 1120.

¹²*The Detroit Free Press*, (July 2, 1896). Vol. 3, p. 1139.

¹³*The Detroit Free Press*, (July 2, 1896). Vol. 3, p. 1140.

¹⁴*The Detroit Free Press*, (July 3, 1896). Vol. 3, p. 1144.

¹⁵*The Detroit Tribune*, (July 4, 1896). Vol. 3, p. 1145.

fare will be a success, and will not know a great deal about it until we have tried it some time. I don't think any more people are riding in the city, and the additional number of persons we have carried must have come from the other roads." Later events have proved the conservative attitude taken by Mr. Goodwin to be justifiable, for the income derived under the eight for a quarter ordinance proved to be insufficient for profitable operation.¹⁶

THE CITIZENS' COMPANY GAINS CONTROL OF THE
FORT WAYNE & BELLE ISLE RAILWAY

STOCK SOLD—On January 4, 1897, a deal was consummated whereby Tom L. Johnson and Albert Pack acquired the control of the Fort Wayne and Belle Isle Railway Company. Negotiations had been in progress for some two months but such was the secrecy maintained that few had any inkling of the plan. It was generally rumored that the \$400,000 par value of stock was purchased at a price of \$175.00 per share. The chief stockholders from whom Johnson and Pack secured the shares were D. E. Heineman, owner of approximately half the entire stock, Seligman Schloss, D. M. Ferry, David Whitney, E. H. Butler, and E. Kanter. Mr. Johnson bought two-thirds of the stock and Mr. Pack the remaining third.¹⁷ The purchase did not disturb \$400,000 in outstanding bonds.¹⁸

¹⁶Catlin, "The Story of Detroit," p. 626.

¹⁷*The Detroit Free Press*, (January 5, 1897). Vol. 4, p. 1330.

¹⁸*The Detroit Tribune*, (January 6, 1897). Vol. 4, pp. 1338-1339.

RESULT OF SALE—The transfer of the Fort Wayne & Belle Isle stock did not constitute a change in the legal status of the company. The corporate existence as well as the name remained the same, and the old officials of the road continued to serve undisturbed in their various capacities. So far as the public was concerned the only difference was in the rate of fare which rose from eight tickets for a quarter to six tickets for a quarter. Naturally, this occasioned some complaints, but there was no serious opposition to the new management. To facilitate the operation of the newly acquired property the Fort Wayne offices were moved to the Citizens' Company building at the foot of Woodward Avenue, and the Fort Wayne Power House on Clark Street was abandoned, power being provided by the Citizens' Company plant.¹⁹ Tom L. Johnson was now in position to dictate the policies of the three important street railway companies in Detroit.

¹⁹*The Detroit Free Press*, (January 5, 1897). Vol. 4, p. 1329.

CHAPTER VII

THE CITIZENS' STREET RAILWAY COMPANY

THE DETROIT STREET RAILWAY SOLD

NEW ROAD PROPOSED—By 1890 capitalists throughout the country were fully aware of the profits to be derived from the operation of street car lines under favorable franchise grants. Ex-Governor Waller of New York, William W. Cook of New York, and Thomas M. Waller of Bridgeport, Conn., capitalists and corporation lawyers of New York arrived in Detroit just at the time the Messrs. Hendrie were realizing the futility of endeavoring to secure a franchise extension under Pingree's administration as mayor. These men conferred with the City Railway officials and various prominent citizens with the result that shortly Mr. Waller was able to announce the creation of a new corporation, composed, as he stated, "of American gentlemen and eastern capitalists." He further stated that the new corporation had purchased a controlling interest in the City Company. As to the price paid and the composition of the new company Mr. Waller had nothing to say except that all arrangements made were mutually satisfactory. Nor would George Hendrie cast any light on the matter aside from saying that because of

failing health he desired to withdraw from active business. Mr. Waller said that steps would be taken immediately to electrify the system after assurance that a thirty-year franchise would be granted.¹

CITIZENS' STREET RAILWAY—The Citizens' Street Railway Company, for such was the name of the new corporation, filed articles of incorporation in the names of Thomas M. Waller, of Bridgeport, Conn.; William W. Cook, of New York; Mills W. Borse, of Buffalo; Dwight Townsend, of New York; Willard B. Ferguson, of Newbury Port, Mass.; Hoyt Post, of Detroit; and J. B. Mulliken, of Detroit. The corporate capitalization was \$4,000,000, with 20,000 shares of common stock, and a like number of preferred shares. The property and franchise value of the City Railway, as controlled by the new Detroit Street Railway, was represented by \$3,000,000. The remaining \$1,000,000 represented the value of the Grand River Company recently acquired by the City Railway Company.²

NEW STOCKHOLDERS—These negotiations aroused suspicion in Detroit, and soon Mayor Pingree and others became satisfied that the new company was organized solely to camouflage the endeavors of the old City Company to secure a franchise by diverting public attention to the new personnel. These men realized that they must gain public confidence and favor in Detroit. As Mr. Waller said, "The more

¹Catlin, "The Story of Detroit," pp. 619-620.

²Catlin, "The Story of Detroit," p. 621.

popular the company the greater would be the profits."

On September 13, Mr. Waller, while visiting Detroit, made it known that the New York owners had disposed of the majority interest in the Detroit Citizens' Railway Company to a group of prominent local men.³ Mr. Waller took care to add that the officers and a majority of the directors would be chosen from among the Detroit stockholders. Of course, Waller and his associates, who held the minority interest, would be represented, but their entire efforts would be bent toward cooperating with the Detroit shareholders, and thus in a short time would develop one of the best and most popular roads in the country.⁴

DIVISION OF STOCK—The apportionment of stock was not published; but the impression spread that the new group owned a bare majority of the shares.⁵ It was stated further that, though the former owners had sold control to the Citizens' Company, yet they held a mortgage for \$3,000,000.⁶ They also owned bonds of the old company, purchased out of earnings to the amount of \$750,000. If these rumors were correct, it is evident that people were justified in feeling that at best the new company was but nominally in control. To make matters worse it was said that authorized but unissued bonds to the amount of

³*The Detroit Free Press*, (September 13, 1891).

⁴*The Detroit Free Press*, (September 13, 1891).⁷

⁵Catlin, "The Story of Detroit," p. 623.

⁶*The Detroit Free Press*, (October 4, 1891).

\$1,000,000 remained in the company's treasury, and that the Citizens' Railway "later hypothecated \$750,000 of these by depositing them in Detroit Banks as security for a loan of \$500,000 for laying tracks and installing electrical equipment" on the Jefferson and Woodward Avenue lines 1892-1893.⁷

SALE COMPLETED—On October 2, Mr. Cook of the new company again visited Detroit and completed the transaction whereby the Citizens' Company became officially a functioning corporation. In discussing the deal he said that the new company had taken over the entire control of the Detroit syndicate, and that the new company had given a mortgage for \$3,000,000. The mortgage was given, Mr. Waller said, "to liquidate the bonded indebtedness of the old Railway Companies and also to meet certain liabilities of the New Company. One of the mortgages of the old company for \$500,000 was discharged today. The new company entered into possession last midnight and will own and operate the routes from now on."⁸ Mr. Cook then discussed some of the changes ordered by the new directorate, which were of small importance yet of public interest. The car platforms were to be open on both sides instead of but one as in the past, and stress was to be laid upon courtesy of employees. Mr. Cook appreciated the importance of an improved schedule, and said that because of the many complaints concerning the Chene Street service

⁷Catlin, "The Story of Detroit," p. 623.

⁸*The Detroit Free Press*, (October 2, 1891). Vol. 2, p. 469.

two Heally Motors had already displaced horse cars on the road north of Gratiot Avenue, and in the very near future a motor would be placed upon the Grand River line. This would make it possible for every car to run to the city limits instead of every other one as had been the custom before. Further, work was going forward on the Gratiot Avenue line to the city limits and would be completed within the course of a week.⁹

PINGREE'S ATTITUDE—With such a list of stockholders it was thought that Mayor Pingree would not dare veto a franchise, for not only were these men leading business executives but many of them his close friends. But the men from New York did not know the sort of executive with whom they were dealing. Mayor Pingree placed what he believed the interests of the city ahead of his personal wishes. It meant that several friendships of long standing were severed. He could not make the men such as D. M. Ferry see that he did not question their integrity but rather was convinced that these men were merely taken in to act as a catspaw whereby the old company could gain concessions otherwise out of the question. Pingree blocked every project of the new company, for his goal was either profit to the city from the franchises or municipal ownership.

THE CONTROVERSY OVER FRANCHISE EXTENSION OF 1879 TAKEN TO COURT

RESOLUTIONS ADOPTED—An indignation meeting of July 3 attempted to do more than merely prevent

⁹*The Detroit Free Press*, (October 2, 1891). Vol. 2, p. 470.

the granting of the specific franchise. While the resolution passed at that time urged the Mayor to veto the measure and the council to sustain his action, it further urged that the street car company be ordered to furnish rapid transit, and in the event that it failed to comply, the franchise should be condemned and sold to the highest bidder. Such a transaction would, it was believed, yield the city at least a million dollars. At the meeting a committee of fifty prominent citizens was appointed to go before Mayor Pingree with the resolutions, urging him if necessary to take action in the courts with respect to the franchises. This committee insisted that the franchises be terminated in 1893.

ATTITUDE OF CITIZENS — One of the papers expressed the general feeling as follows:

"Simmered down, it looks as if the street railway corporations which have been making so much trouble for the citizens, and creating so much scandal in the municipality, had simply been reinforced by a cordon of other great and powerful corporations; that they are endeavoring to disarm public suspicion of their intentions until they close all avenues of escape, then to draw their lines closer and closer, then to swoop down and get what the old company tried to get but failed to—extension of franchises in the streets, worth millions—for nothing."¹⁰

PINGREE RE-ELECTED — A mayoralty election occurred in the fall of 1891. The street car problem

¹⁰*The Federal Reporter*, Vol. 54, pp. 1-21.

was the chief, if not the sole, issue of the campaign, and Pingree made the most of it. As a result he was reelected, and a majority of the council was elected on a platform opposed to the Railway Company. The Mayor urged by the committee of fifty, desired to throw the matter into the courts. On December 15, 1891, a special committee comprised of Alderman S. A. Griggs, M. W. McGuire, and Joseph T. Towery, City Counselor J. J. Speed and City Attorney C. W. Casgrain, reported in favor of doing nothing whatsoever regarding the franchise until the validity of the Detroit City Railway franchises was determined.¹¹ S. A. Griggs was the one dissenting member. On December 22, a resolution was adopted instructing the Mayor to engage special counsel to assist the regular legal staff of the city in maintaining the city's rights in the streets as against the claims of the street railway companies.

LITIGATION COMMENCED—Mayor Pingree then conferred with Messrs. Don M. Dickerson, and Alfred Russel, hoping to retain them to assist the city in the legal battle. Mr. Russel accepted, but in March resigned, stating that the Citizens' Company had made him such a splendid offer that he could not, in justice to himself, reject it.¹² The Mayor in a message to the council expressed anger and insisted that the withdrawal of Mr. Russel was the result of "subornation of treason" on the part of

¹¹*The Detroit Free Press*, (March 16, 1892).

¹²*The Federal Reporter*, Vol. 54, pp. 1-21.

the railway company.¹³ He immediately appointed C. A. Kent to the position of legal advisor to the city.¹⁴ A few days later the council passed an ordinance limiting the life of the railway franchise to May 9, 1893, and at the same time repealed the ordinance of 1879 which had extended the franchise to 1909.¹⁵ The City asked the court to decree that the franchise expired in 1893, and then to issue a mandatory injunction compelling the defendant to vacate the streets by May, 1893.

CASE GOES TO TRIAL—The facts of the case presented by the city as complainants in the United States District Court were:

1. That the Citizens' Street Railway Company is in possession of a franchise permitting it to operate street railways upon certain streets of Detroit.
2. That the franchise will expire May 9, 1893, by virtue of a limitation of the State Constitution.
3. That the Citizens' Railway claims that the franchise does not expire until 1909.
4. That the city desires to sell the franchise at once to the highest bidder, but
5. That the claim of the Citizens' Company prevents such sale.

¹³*The Detroit Free Press*, (March 16, 1892).

¹⁴*The Federal Reporter*, Vol. 54, pp. 1-21.

¹⁵*The Federal Reporter*, Vol. 56, p. 871.

The complaint was first filed in the Circuit Court of Wayne County, but the defendants succeeded in having it removed to the Federal Court on the grounds of local prejudice.¹⁶ The case was heard before Circuit Judge William Howard Taft and District Judge Henry H. Swan.

THE DECISION—The Court sustained the contention of the city, holding “that the city had no power to grant a vested right in its streets except as it was conferred in the statutes of Michigan, providing for the incorporation of street railway companies, and limiting their corporate lives, in accordance with the Michigan constitution, to thirty years;—the consent of the city could not be of longer duration than the franchise;—that, inasmuch as such a franchise was limited in duration to the normal life of the railway company upon which it had been conferred by the state, the city’s power of consent to its exercise was similarly limited.” The Court, therefore, maintained that the ordinance of 1879, in so far as it gave the city rights in the streets after May 1893, was beyond the power of the city, and was consequently not binding.¹⁷

CASE APPEALED—The Citizens’ Railway appealed the case to the Supreme Court of the United States. That Court refused to review the case and dismissed the appeal for want of jurisdiction.¹⁸ The company

¹⁶*The Federal Reporter*, Vol. 54, pp. 1-21.

¹⁷*The Federal Reporter*, Vol. 60, pp. 162-163.

¹⁸*The Federal Reporter*, Vol. 64, pp. 628-659.

then carried the case to the Circuit Court of Appeals and it was tried before Circuit Justice Jackson, Circuit Judge Lurton, and District Judge Sage.

DECISION REVERSED—The decision of the lower Court was reversed. In rendering the decision Judge Lurton said: "We are thus led to conclude that these street railway acts directly confer upon the municipalities of the state power to grant the street railway companies such an easement of way in the streets as is requisite for the purposes to be accomplished. That power is conferred without any expressed words of limitation. On the contrary, the 'terms and conditions upon which the grant is to be made are left to the discretion' of the local government. Unless there is some limitation implied by other considerations not yet alluded to, the term for which such a grant may be made is just as much a matter about which municipal discretion is to be exercised as any other of the terms of the grant."¹⁹

APPEAL TO ATTORNEY-GENERAL ELLIS—Late in October, Mayor Pingree became more determined than ever when the Court of Appeals reversed Judge Taft's decision. He laid the matter before the council urging that an appeal be made to the State Supreme Court. The council concurred, and application was made to that body through Attorney-General Ellis "for leave to commence quo warranto proceedings against the Detroit Citizens' Street

¹⁹*The Federal Reporter*, Vol. 64, p. 646.

Railway Company to compel it to show cause why it should not relinquish its franchise.”²⁰

To the surprise of the people, and the anger of the Mayor, Attorney-General Ellis denied the city the right to institute such proceedings. He believed that the extension from 1879 to 1909 was valid, and said that after diligently searching authority he believed²¹

“1. That the City of Detroit did have a right to grant an easement or use of its streets to a corporation, such right or easement to extend beyond the corporate life of the corporation to whom the right of easement was granted; and that therefore, the extension made in 1879 was valid for the full term of thirty years.

“2. That the exercise of power of using streets for a street railway is an easement, not a state franchise, and such use rests on contract of license from the city.”

He concluded by stating that he felt it improper to request such permission as the city sought from the Supreme Court, maintaining that no good public purpose would be served thereby. It would only appear that the city was attempting to extricate itself from a lawful contract, and that it would be just as wrong for a city to do this as it would be for an individual. .

²⁰*The Detroit Free Press*, (October 27, 1894).

²¹*The Detroit Free Press*, (October 27, 1894).

CASE CARRIED TO SUPREME COURT—Mayor Pingree then carried the case directly to the State Supreme Court, and again the city was defeated. On January 22, 1895, that body handed down an unanimous decision refusing "to compel the Attorney-General to allow the use of his name in filing the application for a writ of quo warranto to inquire by what right the street railway company claims to exercise, and does exercise in certain streets of the city, the right of maintaining and using street railway tracks." The Court held that the litigation sought had already been settled by another court.²²

THE CITIZENS' COMPANY ELECTRIFIES ITS LINES

The company, hopeful as to the outcome of the pending decision in the case before the Circuit Court of Appeals, proceeded to electrify some of its lines and to adopt the overhead trolley system. First, however, experiments on Woodward Avenue with the storage battery as a motive power were made but proved impracticable.

TRIAL TRIP—By August 22, the electric trolley line was in readiness and a trial trip was made. At 7:42 A. M. the first car, carrying a number of officials emerged from the barn at Antoine and Woodbridge Streets and ran out to Jefferson Avenue. Superintendent Zimmerman ran the car, while the group of officials evinced optimistic curiosity. The car reached the avenue with no other mishap than once leaving the track. Then it gathered speed as it

²²*The Detroit Free Press*, (January 23, 1895).

swiftly and smoothly glided down Jefferson Avenue. The unfamiliar sound of the new vehicle brought people from their breakfast tables to gaze with delight at the car while they shouted praises and waved their napkins as it sped by. The car continued to Baldwin Avenue and returned without any serious trouble. The trial trip was pronounced a huge success and the company announced that twelve cars would immediately be placed in service. It was found that, whereas the horsecar required an hour to make the trip from Woodward Avenue to the railroad crossing, the electric trolley car could cover the same ground in half the time.²³

SUCCESS—Early in September twenty new cars were ordered from the Pullman Company and plans were made to electrify Woodward Avenue, provided the work was not interfered with by the Mayor. Treasurer Russel said that the company felt justified in spending \$100,000 for it.²⁴ By November 5, electric cars on Jefferson Avenue were running to the Water Works.²⁵ February 15, 1893, it was announced that electric cars would give all night service on Jefferson and Woodward Avenues, cars to leave the crossing at Woodward and Jefferson on the hour and half hour.²⁶

COST OF IMPROVEMENTS—From October 1, 1892, to May 25, of the year following, \$910,532.95 was

²³*The Detroit Tribune*, (August 23, 1892). Vol. 2, p. 490.

²⁴*The Detroit Journal*, (September 24, 1892). Vol. 2, p. 498.

²⁵*The Detroit Journal*, (November 5, 1892). Vol. 2, p. 503.

²⁶*The Evening News*, (February 15, 1893). Vol. 2, p. 515.

invested in improvements and extensions. In addition to this the weekly payroll amounted to \$11,000, the bulk of which, quite naturally, was spent in Detroit.²⁷

In June the company gained somewhat in popularity by placing in service on the Michigan Avenue line handsome open or "summer cars" provided with waterproof curtains which could be raised or lowered.²⁸ Gradually the company was adopting modern improvements.

NUMEROUS PLANS OF SETTLEMENT PROPOSED

From the summer of 1893 to the fall of 1895 many ordinances were proposed by both sides in an effort to settle the street railway problem. The tone of the plans seemed somewhat to parallel the various court decisions, as they first favored the city and then were appealed by the company.

CITIZENS' COMPANY PLAN OF JULY, 1893—July 29, 1893, Chairman Vernor of the council committee received a plan signed by Manager Hawks, of the Citizens' Street Railway Company, whereby the franchise differences might be settled. According to this plan the fare was to be five cents with the continuance of workingmen's tickets at a reduction during certain hours of the day. The council was to have the right either to extend the hours within which the workingmen's tickets were to be sold, or whenever the condition of the sinking fund would

²⁷*The Detroit Free Press*, (May 28, 1893). Vol. 2, p. 526.

²⁸*The Detroit Free Press*, (June 26, 1893). Vol. 2, p. 530.

warrant, to require the sale of six tickets for twenty-five cents.

1. Gross earnings were to be used, first, to pay operating expenses; second, to pay interest on bonds; third, to pay dividend on stock, up to eight per cent; and fourth, the remainder was to be placed in a sinking fund to be used in retiring bonds.
2. The city was to have the power to purchase the entire plant by paying for the stock at par, by giving six months' notice.
3. The company would be required to pave only between tracks, and taxes were to remain as before.
4. The company would install rapid transit upon all of the lines, Grand River Avenue, Michigan Avenue and Gratiot Avenue lines to be completed by the first of January, 1895, and the remaining lines within two years.²⁹

In commenting upon the proposition Manager Hawks said that six for twenty-five-cent tickets would swamp the company for two years. "It takes \$3,000,000 to equip all our lines; that means \$150,000 interest every year or an increase of \$500,000 in our gross earnings each year to pay the interest which begins instantan, while our receipts don't come in till the line is equipped."³⁰

²⁹*The Detroit Free Press*, (July 30, 1893).

³⁰*The Detroit Free Press*, (July 30, 1893).

PINGREE'S COUNTER OFFER—The Mayor stoutly opposed the five-cent fare clause, but nothing was done until January 10, 1894, either by way of compromise or setting forth what the city was willing to do. On that date Mayor Pingree, in his annual message to the council expressed his views as to the best method of handling the question. He was doubtless optimistic as to the outcome of the pending court case, and he felt that the company was in a precarious financial condition and practically at the mercy of the bondholders. Furthermore he had been discussing rapid transit with outside capitalists who were willing to provide the sort of service he desired on a three-cent fare provided the city did the paving. These facts naturally influenced the ideas set forth in the message to the council. The Mayor would grant a franchise with a life of fifteen years, the city having the right to buy upon giving six months' notice prior to the expiration date of franchise. If the city did not give notice, the franchise would automatically be extended for ten years more, at the end of which everything in the streets, including poles, tracks and wires would become the absolute property of the city, at a price which the city would determine by arbitration. Further:

“The company shall pay an annual rental to the city for the use of the tracks at a rate of \$1,500 per mile for a single track, and \$3,500 for double track during the first five years of the grant; \$2,500 for single and \$4,500 for double during the second five

years; and \$2,500 for single and \$6,000 for double during the third five years of this fifteen-year franchise, on all tracks laid and paved or purchased and maintained by the city, from the time of such laying and paving, or purchase. Should the franchise be extended for ten years, the mileage charge may be increased by the council, and if the company demur to the rate thus made, it shall be determined and fixed by arbitration."³¹ The company would pay all its debts to the city at the terminal date by deducting them from the purchase price. The Mayor then laid stress on the fact that all the lines were to be electrically equipped with the most modern and approved appliances acceptable to the Mayor, to the Committee on Streets, and to the Board of Public Works.

A committee was to be appointed consisting of the president of the Board of Public Works and the chairman of the Committee on Streets and the Committee on Ordinances to prepare a plan for street car routes within the city. When this plan was completed the company would be required to conform to it by discontinuing some ten miles of trackage merely used to prevent congestion in the streets, and for which the public paid. When the routing plan was completed the city would extend over the system a track laid with "girder grooved rails," and pavement. The company would then be required to equip the line electrically. Upon refusal to do this the city would have the power to sell this

³¹*The Detroit Free Press*, (January 10, 1894).

right to some other company, "and guarantee them entrance to the center of the city over existing routes."³²

Cash fares would be five cents but tickets would sell at eight for twenty-five cents and there were to be general transfers, all to be acceptable from 5:30 A. M. to midnight, after that time double fares to be charged by the company. The company would be required to pay the personal property tax. In addition the company would be required to file quarterly statements with the city; the books were to be open to the city comptroller; the council was to retain the right to amend the ordinance as it deemed necessary; and the company to have thirty days to accept or reject the ordinance after its approval by the council.³³

In the course of time an ordinance based on the Mayor's suggestion was adopted by the council, but for some reason it bore no fruit. When approached regarding the delay, Alderman Coots said that the parties interested in a settlement were already negotiating. The public was informed that the real cause of delay was "the inability of the stockholders and bondholders to agree."³⁴

PINGREE'S SUBSTITUTE PLAN—When the company carried the franchise case to the Court of Appeals the Mayor presented and the council adopted a new ordinance which was more liberal than the first.

³²*The Detroit Free Press*, (January 10, 1894).

³³*The Detroit Free Press*, (January 10, 1894).

³⁴*The Detroit Free Press*, (March 4, 1894).

The most important clauses embodied in this act of March 14, 1894, were as follows:

Section 4 provided that all lines operated under the act must be run by means of the overhead electrical trolley system.

Section 10 provided that the cash fare was to be five cents, and that the passenger was thereby entitled to a transfer ticket good on any other line and good for fifteen minutes after the holder should leave the car.

The next section contained requirements about which disagreement had long centered. It provided that the company must at all times keep on sale on the cars, tickets to be sold at the rate of eight for twenty-five cents.

Section 12 stated that the life of the ordinance should extend until August 24, 1921.

Section 14 was much more to the liking of the company than the plan for taxation contained in the previous scheme. The Citizens' Company would be required to pay "taxes on its real estate, and on its personal property, including its rolling stock, track, wires, poles and motors, the same as an individual; provided, however, that this grant of the right to use the streets and franchises and earnings of the company shall not be subject to taxation, nor shall any addition be made to the assessed value of the real and personal property of the company."³⁵ It was provided that the city would bear the burden of paving between tracks.

³⁵*The Detroit Free Press*, (March 14, 1894).

ORDINANCE PASSED—Within a month the plan was presented to the council for consideration. Alderman Vernor did not approve of the proposed measure and suggested some amendments, the chief of which related to Section 10, which he would alter to read, "Provides for an absolute universal transfer at all hours, day or night, upon tickets as well as for cash fares, eight for a quarter tickets to be good from 5:30 A. M. to 7:30 A. M. and from 5:30 P. M. to 7 P. M., six for a quarter tickets to be good at all hours, day or night."³⁶ The council rejected Alderman Vernor's plan in favor of the Mayor's idea. On the last day of April the council passed this ordinance substantially in the form as presented by the committee on streets and ordinances, giving eight tickets for twenty-five cents good twenty-four hours a day with general transfers. The city was to pay for all paving.³⁷ There were some objections to the ordinance; and on the next evening a motion was made to reconsider it, but the council stood firm on its previous vote, and before the evening's session closed Mayor Pingree signed the bill.³⁸

On the seventh of May the directors assembled at the State Savings Bank and considered the plan as passed by the council and signed by the Mayor. After careful consideration they agreed to notify the council that they could not accept the plan, but would be pleased to submit a counter plan. Upon

³⁶*The Detroit Free Press*, (April 21, 1894).

³⁷*The Detroit Free Press*, (May 1, 1894).

³⁸*The Detroit Free Press*, (May 2, 1894).

being informed of their decision Mayor Pingree replied. "They want to run the whole thing, do they? Want to lay down their own terms? They'll tell the city how this thing shall be done?"

When asked if he would entertain their counter proposition he said:

"What's the use of offering a franchise to people on a basis fair to the city—people who won't put enough money into it to buy a load of hay for their horses. They want to raise all the money on watered stock."³⁹

CITIZENS PETITION PINGREE—Offers and counter offers were made for several weeks but nothing came of them, and the city did not seem to be any nearer a rapid transit system than a year previously. Finally a large number of substantial citizens decided that it was time that something were done, and when the company offered to accept a franchise which provided eight tickets for twenty-five cents and five cents for transfers, the city to pave between the tracks,⁴⁰ a petition was presented to the Mayor demanding settlement. J. L. Hudson was one of the prime movers. The petition was presented to the Mayor bearing over three hundred names of prominent Detroiters.⁴¹

The council immediately attempted to do its part in furthering a settlement by offering the "Lowry Ordinance" on June 28. This time the Mayor vetoed

³⁹*The Detroit Free Press*, (May 8, 1894).

⁴⁰*The Detroit Free Press*, (May 15, 1894).

⁴¹*The Detroit Free Press*, (June 26, 1894).

the ordinance, objecting to the time set for the new fares to become operative. Other ordinances passed the council only to meet the same fate at his hands.

THE CITIZENS' STREET RAILWAY COMPANY SOLD

THE OPTION—In March, 1894, Thomas Nevins of Orange, New Jersey, came to Detroit and through the efforts of Cameron Currie acquired an option on the Citizens' Street Railway Company. He was followed by Major John Byrne, who had been successful in securing a new franchise for the Detroit Gas Company. His efforts were now turned toward the securing of a new and favorable franchise for the street car company. But just as the Major entered upon the threshold of success Mayor Pingree appeared in the picture to spoil all his plans. Although Byrne put forth every effort, he accomplished nothing by July 9, the day upon which the option expired. Nevins did not find it easy to secure a second option, and only secured one after paying some pressing debts of the Citizens' Company amounting to some \$32,000; and in addition the purchase price had to be paid by September first.

WHY THE SALE WAS DELAYED—After much delay and uncertainty the deal was consummated on the first of September. Just what caused the delay was not definitely known; but three different reasons were assigned by as many different persons. One said that Nevins desired to pay part of the purchase price in bonds of the new organization, but the local stock-

holders absolutely refused this. From another source it was stated that the delay was occasioned by the failure to call a stockholders' meeting as required by law. But still another party to the negotiations insisted that the delay was caused by the old officials holding back because they had been offered a better deal by H. B. Hollins. Perhaps the strongest argument put forth in an effort to delay the deal was that the contract required that a new company should be formed and new stocks and bonds issued. Nevins and his associates flatly refused to concede the point and the local stockholders were compelled to yield at the last moment or see the entire deal fall through. A compromise was effected whereby the company name was retained as well as the integrity of the securities, but an entirely new board of directors was created.

After the compromise was made and the papers signed, Frank S. Smith, the attorney from New York, who had charge of the legal matters concerning the transfer, remarked that "we must give the local men the credit, that after all had been said they came up to their agreement like men."

FINAL CONFERENCE—The final arrangements were made at a long conference held at the State Savings Bank. Among those attending were W. C. McMillan, George H. Russel, Manager Hawks, H. M. Campbell, M. S. Smith and W. C. Colburn. The deal was completed and the Citizens' Company went into new hands.

NEW OWNERS—Mr. Nevins made good use of his option, for he sold the system to R. T. Wilson and Co., of New York, wealthy Wall Street bankers, connected to the Astor family. While the purchase price could not be ascertained it was freely rumored that the stock sold at seventy-five cents on the dollar. The entire number of shares sold was 6,015 or something more than a controlling interest in the company whose total amounted to 10,000 shares.

NEW OFFICERS—Immediately after the transaction was closed a stockholders meeting was called at which the following were chosen as directors: R. T. Wilson, M. W. O'Brien, Cameron Currie, Major J. M. Edwards, of New York, F. R. Pemberton, of New York, D. M. Ferry and John C. Donnelly. For officers J. M. Edwards was chosen president; M. W. O'Brien, vice-president; R. T. Wilson, treasurer; George H. Russel, assistant treasurer. Immediately the question arose as to how and why D. M. Ferry and George H. Russel could still be on the board of directors when they had disposed of their stock. The attorney for the company answered by saying that these men had been qualified and elected in order that the company might be represented locally. It appears that Manager Hawks remained in the company and refused to dispose of his holdings. The new president, Major Edwards, was said to be a street car expert of New York.⁴² Within a few days after the election of officers George H. Russel

⁴²*The Detroit Free Press*, (September 2, 1894).

resigned, and his place was taken by J. V. Johnston as assistant treasurer.⁴³ It was stated by a representative of the company that none of the bonds had been taken up, but remained in the same hands as before. He further laid great stress on the fact that the company desired to give the city splendid service, and just as soon as the court case was settled, that is, provided it was in favor of the company, as he was sure it would be, a rapid transit system would be installed.⁴⁴

THE PEOPLE SUSPICIOUS—The public did not place much faith in the genuineness of the sale, for it appeared incredible that any company should care to invest millions in a concern which was facing a lawsuit, and bad business conditions generally.

Skepticism was appreciably strengthened when Mr. Russel who claimed to have handled the stock transfers, refused to exhibit the receipts from the various stockholders who had sold out and been paid the money for the stock. A current editorial said:⁴⁵

"It would be a difficult matter to surprise much less startle the people of Detroit with any sensational report emanating from the street car interests of the city. Even the closest followers of events since the commencement of the memorable struggle four years ago, encounter confusion in an attempt to fix the exact status of the parties in controversy. The people have been befooled and labored with, importuned

⁴³*The Detroit Free Press*, (September 6, 1894).

⁴⁴*The Detroit Free Press*, (September 2, 1894).

⁴⁵*The Detroit Free Press*, (September 5, 1894).

and advised, pulled and hauled until many of them have reached the state of mind where they would rather walk than to be forced to discuss the subject. The syndicates that have flocked in from all points of the compass, the alleged deals that have been made, the complications affecting bonds and stocks have served to daze the average citizen and made him heartily tired of the whole matter."

PINGREE CHANGES TACTICS—Mayor Pingree appeared to align himself with the masses in this respect. He dreaded to start the old fight all over again, because it had caused so much hard-feeling, such an expense, without improving the city's prospect. While he did not give up the fight to bring the Citizens' Company to terms he changed his tactics. He turned his attention toward bringing in some entirely new organization to give the city street car service.⁴⁶

THE CITIZENS' COMPANY ENGAGES STREET CAR EXPERTS

PACK-EVERETT SYNDICATE—CITIZENS' COMPANY SOLD—Mayor Pingree at once began negotiations with outside capitalists which resulted in the giving of a favorable franchise to the Pack-Everett Syndicate, granting the right to construct tracks on some of the most important streets of the city. The ordinance making this grant was passed by the council and signed by the Mayor just after the R. T.

⁴⁶*The Detroit Free Press*, (November 20, 1894).

Wilson Company had purchased the controlling interest in the Citizens' system. When it was discovered that the new ordinance provided for three-cent fare on the part of the new corporation the Wilson interests were convinced that they never could meet the competition unless they were able to place at the head of the company the most efficient president and vice-president obtainable.⁴⁷ Fortune was with them for it so happened that just at that time Tom L. Johnson, the successful street car magnate of Cleveland was defeated for a second term in Congress. Prior to this time he had disposed of his traction interests and was very seriously considering retiring from active business that he might devote his time to the spreading of the gospel of the Single Tax, of which he was an ardent champion. His brother Albert was a man prominent in the financial world of New York and associated with R. T. Wilson in the Detroit venture. These men immediately bethought themselves of Tom L. Johnson and attempted to interest him in assuming the active management of the Citizens' Company. He demurred, but was finally prevailed upon to yield, saying; "what finally induced me to accept was not so much the pecuniary reward which the undertaking promised, as the chance to build unhampered by lack of funds a modern street railroad in a growing city. This looked like something worth doing."⁴⁸ He accepted the presidency on a profit-sharing basis.

⁴⁷*The Detroit Journal*, (December 1, 1894). Vol. 3, p. 586.

⁴⁸Johnson, "My Story," p. 41.

J. C. Hutchins, an experienced railway man, was elected vice-president and treasurer of the company.

PUBLIC SUSPICIOUS—Both of these men possessed rare business capacity and they were destined to share the center of the stage with Mayor Pingree in the street car controversy during the years that followed. Suspicion was common that the coming of these men was just one more method employed by outside syndicates to hoodwink the people of Detroit into granting a long term franchise, and so would by some means or other make some sort of arrangement with the new Pack-Everett syndicate. But Pingree was confident that the new company of his own choosing would act in absolutely good faith.

CHAPTER VIII

THE DETROIT RAILWAY COMPANY

PINGREE SEEKS OUTSIDE CAPITAL

REASON FOR SEEKING OUTSIDE CAPITAL—It will be recalled that in January, 1894, Mayor Pingree offered the Citizens' Company a thirty-year franchise in return for a three-cent fare. The franchise was rejected, whereupon Pingree became disgusted and sought elsewhere for a solution of the street railway problem. He hoped to interest outside capitalists in constructing a cross-town line with a three-cent fare.¹

NEW SYNDICATE—PINGREE ANNOUNCES PLAN—After considerable delay the Mayor was successful in interesting Green and Albert Pack, and Henry A. Everett, who controlled the street railways in Toronto, Montreal, London, and Winnipeg. This syndicate was likewise interested in the Cleveland lines and the Pack brothers were interested in lines in several other American cities including Cincinnati and Boston.² The delay in securing the consent of the Pack-Everett syndicate to accept a three-cent franchise was due to the uncertainty of available figures as to the volume of traffic in the city. Naturally the Citizens' Company was not inclined to offer their services in this respect. Only after Andrew

¹Catlin, "The Story of Detroit," p. 624.

²*The Detroit Free Press*, (November 21, 1894).

Gray, who for years had served the old company, gave reliable figures could the outside capitalists be brought to consent to submit a petition requesting a franchise from the council.³ With the consummation of his plan assured, Pingree made the public and the press acquainted with his scheme on November 20, 1894. The *Free Press* said:

"There is a big sensation on the tapis for the council meeting tonight. It has been noticed that Mayor Pingree has been strangely quiet of late in relation to street car matters. He has been as mum as an oyster, and the only thing he has been heard to murmur was that in a few days he would have a big 'scoop' for somebody—

"It is nothing more nor less than that a new street car company will tonight offer the council an entirely new plan of street railway service for this city. His Honor, it appears, has given up the idea of fighting it out with the old company and their latest successors, and has gone out of town for a new company."⁴

STEPS LEADING TO ORDINANCE ACCEPTANCE—It is advisable to follow the steps leading to the grant of the franchise to the Pack-Everett group because of its hearty welcome by the council and by the people as compared with the suspicion which invariably met any proposal from the Citizens' Company. At the council meeting, November 20, Attorney

³Catlin, "The Story of Detroit," p. 625.

⁴*The Detroit Free Press*, (November 20, 1894).

Charles Flowers, a close friend of Mayor Pingree, presented the petition of the new company for a franchise. It was read and duly referred to the committee on streets and ordinances.⁵ When questioned regarding the petition, the Mayor responded saying, "I think it is all right. Those men have money and mean business, and they will give us rapid transit with a three-cent fare. You did not suppose, did you, that we were going to lie down on this thing and consent to be held up for a straight five-cent fare?"⁶

The committee seemed from the first to feel that in the main the city could not ask more than the company offered voluntarily. Alderman Beck, for example, said that it was the first time that he had felt that a genuinely honest business proposition of its kind had been placed before the common council.⁷ Politicians were of the opinion that the new scheme was only another illustration of "Pingree luck." Just when Pingree seemed to have received a body blow as to his political plans something always bobbed up "that again set his banner flying."⁸

The committee on streets and ordinances met November 26, afternoon and evening, to discuss the proposed ordinance, with not only most of the council present, but about two hundred citizens as listeners. "It was a curious battle," as one reporter described it, "a fight of millions for popular favor—and the

⁵*The Detroit Free Press*, (November 21, 1894).

⁶*The Detroit Free Press*, (November 22, 1894).

⁷*The Detroit Free Press*, (November 24, 1894).

⁸*The Detroit Free Press*, (November 24, 1894).

contestants bore strangely mixed relations." The new company was represented by H. A. Everett, Albert Pack, and Attorney Charles Flowers, while President Edwards and "Al" Johnson were there in the interests of the Citizens' Company. In spite of the fact that the Packs were fighting the Citizens' Company they held stock in that corporation. Mr. Johnson, though not a stockholder in the company, was sent to Detroit to fight the cause of the Citizens' Company for he was associated with R. T. Wilson & Co., widely interested in traction companies. Johnson, however, was interested in the Cleveland lines and so a fellow partner of H. A. Everett. The chief occurrences at these meetings were the reading of plans for the ordinance and the reception of thirteen petitions from residents along the proposed line urging the council to grant it.⁹

The council meeting was held on Wednesday evening, November 23, when the ordinance was favorably reported by the committee. At this meeting the Citizens' Company sent in a protest against the contemplated ordinance for the new company. The message quoted from their old ordinance of 1862 which gave them exclusive rights in the streets, and so, according to their franchise, they unquestionably had the first right to build any new lines desired by the city council. "The Company," the memorial concludes, "therefore respectfully but earnestly protests against the adoption of any resolution or ordinance or the taking of any action by your

⁹*The Detroit Free Press*, (November 27, 1894).

honorable body granting to any other person or corporation the right to construct street railway lines or routes on any of the routes of this city, without first giving the company the opportunity to construct the same."¹⁰ This communication was read and placed on file with no indication that the objecting company would be given any hearing before the new ordinance was acted upon.

ORDINANCE ADOPTED BY COUNCIL—At a special meeting of the council the next evening the ordinance was presented for the third reading. The chief opposition came from Alderman Vernor, who strongly objected to the provision requiring that the city do the paving. He was over-ruled and the Pack-Everett franchise was adopted, with loud applause. It was feared, however, that a motion to reconsider would, in all probability, be entertained at the subsequent meeting of the council and that it might afford opportunity for objections to the ordinance.¹¹

ORDINANCE BECOMES LAW—The matter was definitely settled at the council meeting on December 4. Alderman Fisher moved that the ordinance be reconsidered. Alderman Coots moved that this motion be tabled. President Beck put the motion to a viva-voca vote and it carried. The ordinance was at once placed in the hands of the Mayor, who signed it and said:

¹⁰*The Detroit Free Press*, (November 28, 1894).

¹¹*The Detroit Free Press*, (November 29, 1894).

"I cannot refrain from tendering my hearty congratulations to the common council and to the people of Detroit on the passage of a street car franchise on terms for which we have been fighting for the last four years."¹²

THE DETROIT RAILWAY COMPANY—The syndicate announced promptly its plan of incorporation. The directors of the new company were to be Green Pack, Albert Pack, H. A. Everett, C. W. Wason, Geo. B. Pattengill, and E. W. Moore. Albert Pack would be president and treasurer and H. A. Everett, vice-president and general superintendent. The capitalization was to be \$1,000,000 of stock, of which \$500,000 was to be paid in at once, and no bonds.¹³ The company was to pay its own way, and watered stock had no part in the program.

PROVISIONS OF THE ORDINANCE

FARES—MOTORMEN—CONDUCTORS—The straight fare was to be five cents with transfer privileges. Between the hours of 5:45 A. M. and 8 P. M. tickets were to be sold eight for a quarter, and between 8 P. M. and 5:45 A. M. six tickets for a quarter.¹⁴ A provision concerning operatives was of interest. The motormen and conductors were required to be citizens and voters of Michigan.

TAXATION—PURCHASE BY CITY CLAUSE—The company was required to pay taxes on all of its real

¹²*The Detroit Free Press*, (December 5, 1894).

¹³*The Detroit Free Press*, (December 5, 1894).

¹⁴*Detroit United Lines*, Vol. 1, pp. 213-214.

estate and personal property — "Provided, however, that in consideration of the reduced rates of fare fixed by this ordinance, and other valuable considerations, the franchise herein granted and earnings of said railway shall in no manner be subject to taxation."¹⁵ The franchise was to run for thirty years, at the end of which the city was to have the right to purchase all of the property, the price to be determined by a board of arbitration. No monetary value, however, was to adhere to the franchise.¹⁶

THE SYSTEM COMPLETED

RAPID CONSTRUCTION — Upon the passage of the ordinance granting the Detroit Railway the privilege of constructing its lines, President H. A. Everett said that ground would be broken April 1, and that cars would be running by July 1. The people doubted that so much could be accomplished in so short a time,¹⁷ but from the moment that Mayor Pingree turned the first shovel of dirt, work proceeded so rapidly that on July 1, service was nominally begun.

FIRST TRIP — Shortly after daylight the current was turned on and at six o'clock, car number one started out on Fourteenth Avenue at the junction with Warren Avenue. Cheered by onlookers the car traveled down Fourteenth Avenue, out on Warren to where the first ground was turned in April for the new system, and returned to Fourteenth Avenue, going

¹⁵*Detroit United Lines*, Vol. 1, p. 215.

¹⁶*Detroit United Lines*, Vol. 1, pp. 220-221.

¹⁷*The Detroit Journal*, (July 1, 1895). Vol. 2, p. 655.

through to Forest Avenue, east on Forest to Mt. Elliot Avenue, south on Mt. Elliot to Elmwood Cemetery. It then returned by way of Forest and Warren to Fourteenth Avenue, President Everett insisted upon ringing up the first fare, and Superintendent Brake acted as conductor.¹⁸

It had been planned to run the cars down town but that was impossible because the curve which was to connect the Detroit Railway line with the Citizens' Company at Capitol Square did not arrive in time.¹⁹ However, the company had twenty-two miles of track ready on the opening day. It had expected to have seventy-five cars upon that date but was disappointed, number one being the only car at hand.²⁰

OPEN TO PATRONS—The line was officially opened for service on the afternoon of July 8, after a morning trip of a ceremonial car with Mayor Pingree at the motor, and officials of the road, members of the Board of Trade, numerous city officials, and newspaper men as passengers.²¹

CONFLICT BETWEEN THE DETROIT RAILWAY AND THE CITIZENS' RAILWAY COMPANY

CITIZENS' COMPANY GOES TO COURT—The Citizens' Company claimed that its franchise of 1862 gave them exclusive rights in the Detroit streets for street car operation, and that the only possible way any other company could construct a line would be to

¹⁸*The Detroit Tribune*, (July 2, 1895). Vol. 2, pp. 655-656.

¹⁹*The Detroit Journal*, (July 1, 1895). Vol. 2, p. 657.

²⁰*The Detroit Journal*, (July 1, 1895). Vol. 2, p. 657.

²¹*The Detroit Tribune*, (July 8, 1895). Vol. 2, p. 658.

build it on those streets upon which the Citizens' Company did not desire to operate. As defendants, the Detroit Railway and the city claimed that the municipality could not grant an exclusive right, as this power was vested only in the state legislature. The Wayne Circuit Judge ruled in favor of the city and the Detroit Railway, and refused to enjoin the defendants from carrying out the provisions of the ordinance of 1894. The decision hinged upon the validity of the ordinance of 1862.²²

SUPREME COURT DECISION—The Citizens' Company carried the case to the State Supreme Court. The case was brought for argument June 2, and on July 28 the Supreme Court handed down its decision confirming the stand taken by the lower court. The decision stated that the old franchise of the Citizens' Company contained no clause granting that company a monopoly in the streets of Detroit, or that any new franchise must first be presented to it. The decision was based on the ground that a municipality was not legally empowered to grant an exclusive right in the streets for the purpose of constructing and operating a railway.²³ By the time the decision was rendered, the new company had completed its lines and was operating.

COOPERATION

JOHNSON'S VIEWS ON FARES—TRACKAGE AGREEMENT—Meanwhile Tom Johnson undertook measures

²²*The Detroit Journal*, (July 3, 1896). Vol. 3, p. 1126.

²³*The Detroit Journal*, (July 28, 1896). Vol. 3, p. 1164.

looking toward co-operation, as he tells in his book written just before his death: "It was Mayor Pingree's promotion of that three-cent fare line for Detroit that first impressed me with the practicability of this rate of fare. The company's loss is so slight compared to the gain to the public that where the traffic is dense, people should insist upon the lower fare."²⁴ Referring to the Everett line it is evident that Johnson knew from the first that co-operation would be possible, with consolidation the inevitable result. He said: "The city gave Everett the grant. Everett built the road. We completed remodeling the old lines before this was done; and when he operated for three cents, we did the same. We weren't in need of money. Our enterprise was financed and we could stand the contest. Everett had yet to raise the money for his project. It was a foregone conclusion that with our better laid out system our lines would first cripple, then acquire the three-cent road."²⁵ Although the Detroit Railway was required by franchise to construct track and run cars on Lafayette Avenue, and on Second, Cass, and Howard Streets, this did not prove practicable. To obviate the difficulty Johnson signed an agreement with H. A. Everett permitting the Detroit Railway "to run and operate its cars on the north track of the said Detroit Citizens' Street Railway Company on Michigan Avenue, between Griswold Street and Porter Street to Second Street, and on the south

²⁴Johnson, "My Story," p. 95.

²⁵Johnson, "My Story," p. 94.

track of said Detroit Citizens' Street Railway Company on Michigan Avenue between Griswold Street and Abbott Street, thence on Abbott Street to Fourth Street."²⁶ Johnson saw to it that this agreement had first the sanction of a council ordinance. This was given October 8, 1895.

ATTITUDE OF ALDERMEN—Some aldermen feared that they had blundered in approving the measure for it stated clearly that the franchise was to run thirty years—"and neither of the parties to this agreement, during the term of the grant of the Detroit Railway, shall do anything to disturb the free use by the others in the operation of any lines of cars over said jointly used tracks."²⁷ This was interpreted by many as in reality a new thirty-year franchise given to Tom Johnson, gained through his clever handling of the agreement. Further it was pointed out that there was nothing in the contract to prevent the building of tracks upon Lafayette Avenue at any time.²⁸

THE DETROIT ELECTRIC RAILWAY COMPANY

FURTHER COOPERATION—By January 1896, rumors were growing that the Citizens' Company and the Everett syndicate were planning further cooperation. It was feared that such cooperation might easily shade into consolidation. When questioned, Albert Pack frankly stated that negotiations were pending

²⁶*Detroit United Lines*, Vol. 1, pp. 236-239.

²⁷*Detroit United Lines*, Vol. 1, p. 239.

²⁸*The Detroit Tribune*, (October 6, 1895). Vol. 2, p. 756B.

which would lead to a better feeling between the roads. The cooperation had to do only with the arrangements of terminal facilities whereby the Detroit Railway might run its cars down Griswold Street and return them on their own lines on either side, on Bates and Shelby Streets. The Detroit Company was also to be granted facilities over Michigan Avenue and Monroe Avenue, and rights to a short piece of track at the head of Capitol Square between Griswold and Rowland Streets. The same company was also granted rights over some track on Dix Avenue near Livernois Avenue. By way of compensation the Detroit Railway was to surrender its interest amounting to \$100,000 in stock in the Citizens' lines and both sides would agree to drop all law suits.²⁹

MAYOR PINGREE WRATHY—As these plans became generally known, Mayor Pingree was first disturbed and then angry, for, the Detroit Railway had come into being through his efforts to defeat the Citizens' Company. Perhaps he recalled that Tom Johnson had at the time said to him that the new company was organized in such a way that no law could keep him from ultimately acquiring the Everett line, for it was not illegal, said Johnson, for a friend to acquire the stock of the road.³⁰

Yet the Mayor grasped at anything that might serve his cause. One day in the late summer of 1896

²⁹*The Detroit Tribune*, (January 28, 1896). Vol. 3, p. 1096.

³⁰Johnson, "My Story," p. 93.

he gave out the information that, at last, he had discovered a way to prevent cooperation and consolidation, and he read section two, article XIX-A, of the state constitution which provides that—"No railroad company shall consolidate the stock, property and franchise with any other railroad corporation when a parallel or competing line, and in no case shall a consolidation take place except upon due notice given of at least sixty days to all stockholders, in such a matter and shall be provided by law."³¹ The Mayor concluded that if the courts did not uphold the law in this connection and interpret it as he did, they were certainly not efficient and fair.

LEGAL OPINIONS—The opinion of several attorneys was sought. Attorney Henry Russell held that the law applied only to steam roads. "But if the provision did apply to street railways there is no law or constitutional provision which would prevent the individual members of one company from buying all the stock they desire from the other company. This, in reality, would amount to consolidation but at the same time the identity of each company would be legally preserved. It is simply one of those cases where Mr. Pingree has found a few words which seem to mean what he would like to have them mean, to serve momentarily his purpose in keeping up a competition. There is nothing which would prevent the consolidation of the companies if they desire to consolidate."³² Attorney Meddough rendered an

³¹*The Detroit Tribune*, (August 29, 1896). Vol. 3, p. 1196.

³²*The Detroit Tribune*, (August 29, 1896). Vol. 3, p. 1197.

opinion conforming in all essentials to that of Mr. Russell. But according to the legal opinion of Fred A. Baker, Mayor Pingree was correct in assuming that the particular provision of the state constitution did apply to street railways.

DETROIT ELECTRIC RAILWAY—On July 29, 1896, the Detroit Railway was sold to the Detroit Electric Railway. The capital stock was placed at \$1,000,000 with bonds outstanding to the amount of \$2,800,000. The holders of the Detroit Railway stock exchanged it at par for bonds of the new company. The remaining bonds amounting to \$1,800,000 were used to replace the Detroit Railway bonds. The original stockholders of the Detroit Company were thereby securing a better investment and receiving five per cent on a senior security.

There was no evidence that the Detroit Electric and the Citizens' Company were drawn closer together. President Pack said that the only change in the affairs of the company would be that of name. In all other respects its relation to the public would be the same as in the past. The mortgage securing the bonds was signed by Amos B. McNairy, president, and E. W. Moore, treasurer of the Detroit Electric Railway Company, and F. W. Cowles, president, and C. H. Tilletson, treasurer of the Cleveland Trust Company. The names of Charles L. Pack and Baker T. Hale appeared on the mortgage as witnesses. Mayor Pingree insisted that the transaction was out of order, on the ground that a clause in the franchise

of the Detroit Railway Company prohibited its sale to any other company; and he announced that he would do all in his power to prevent the consolidation of the two companies.³³

FURTHER RUMOR OF CONSOLIDATION—On September 19, the Detroit Railway power house was closed and the power was thenceforth furnished by the Citizens' Company. On November 28, it was announced that the shops of the Pack road would be closed and thereafter all repairs would be made by Tom Johnson's road. Rumor then had it that on and after January 1, 1897, the Citizens' Company officers would be in full control of the Detroit Railway lines and that the company could only be recognized by the three cent fare which would remain in force.³⁴ The consolidation foretold by Johnson had become effective within eight months.

³³*The Detroit Journal*, (November 6, 1896). Vol. 4, pp. 1281-1282.

³⁴*The Detroit Free Press*, (November 29, 1896). Vol. 4, p. 1306.

CHAPTER IX

THE CITIZENS' STREET RAILWAY COMPANY 1895—1900

THE QUESTION OF FARES

JOHNSON'S AGREEMENT WITH COUNCIL—In June, 1895, Tom L. Johnson entered into the following agreement with the city council:

"In view of some criticism made in regard to the ordinance recently adopted by a unanimous vote of your honorable body, and afterwards vetoed by His Honor, the Mayor, permit us to say by the authority of our board of directors that we hereby agree; if the ordinance should be passed over the Mayor's veto, and in consideration thereof, we will accept the same within ten days, and we agree that while operating under our present grants or any amendments thereto, to sell tickets entitling passengers to six rides for twenty-five cents, and good on all lines owned by this company within the city limits, full privilege of transfers."¹

PINGREE'S TICKET IDEA—Mayor Pingree felt that to sell three tickets for ten cents exchangeable on all lines would be a better plan. He argued that under the system agreed to by Johnson that one had to spend a quarter to secure the benefits of the lower

¹*The Detroit Free Press*, (November 21, 1895). Vol. 3, p. 811.

fare, and that many working men could not afford such a large outlay for tickets, and consequently were compelled to pay a five cent fare. Johnson agreed that fewer tickets were sold on the Michigan Avenue and Gratiot Avenue lines than on any other of the Citizens' lines; yet these two streets ran through the district where the homes of laborers were located.²

JOHNSON ABOLISHES TRANSFERS—Under the above agreement the six for a quarter tickets entitled the purchaser to universal transfers. November 21, 1895, Johnson ordered the universal transfer system discontinued. This new arrangement meant that about 20,000 free rides per day would be denied the public, and it was feared that this was the first step in a move to withdraw the six for a quarter tickets.³

PINGREE'S REACTION—Pingree suggested that in case the rate was raised he might have an ordinance passed granting the Detroit Railway the right to use the tracks of the Citizens' Company. Johnson would object to having the Pack-Everett people use his property to their advantage, and would doubtless apply for an injunction, which would bring the case before the Supreme Court of Michigan, as the Mayor desired. The old question as to the legality of the ordinance of 1879 would again be opened,—the same question that the United States Court of Appeals decided in favor of the Citizens' Company, that the United States Court refused to try, that the Attorney

²*The Detroit Free Press*, (November 21, 1895). Vol. 3, p. 813.

³*The Detroit Free Press*, (November 21, 1895). Vol. 3, p. 810.

General of Michigan had refused access to the State Supreme Court. Pingree felt that here might be a gain for the city.⁴

PARKE-DAVIS EMPLOYEES' PETITION—Even though President Johnson's orders did not affect the workmen's tickets, it was this class that first made public their disapproval. The one thousand employees of the Parke-Davis Company started a petition denouncing the Citizens' Company, and asked the Detroit Company to obtain an ordinance from the common council to build a line on Woodbridge or Larned Street or both. In return the petitioners pledged themselves not to use the Citizens' Company lines. The employees of the Novelty Works circulated a similar petition.⁵

THE TICKETS ABOLISHED—SPECULATION PREVENTED—On November 25, the conductors were ordered to turn over their tickets to the company, and were told that the fare thereafter would be five cents with no transfers. In the past when a rise in fare was expected, speculators bought up tickets, but this time the plan of "dealing in futures" was not feasible, as a few weeks before the advance in fare, Johnson adopted the strip ticket system. For a quarter the passenger received five tickets, and upon making this purchase he was given a free ride evidenced by having the strip separated into two parts. While a person might purchase any number of strips

⁴*The Evening News*, (November 21, 1895). Vol. 3, p. 816.

⁵*The Detroit Journal*, (November 23, 1895). Vol. 3, pp. 823-824.

such procedure would be of no benefit, for the free ride was given only at the time of purchase.

REASONS FOR FIVE CENT FARE—Vice-President Hutchins said that the company had spent nearly \$4,000,000 in equipping the lines, and while they desired to concede everything possible to the citizens, still there must be some compensation for the expenditures.⁶ "We want to reach out and grow and get the increasing business that will come with increasing population. It is not the few extra dollars that we get from our patrons just now that we are after. It is because we want a settlement and a chance to build up our system that we are forcing the fight to a finish. We don't expect it to be permanent and we are not proceeding on that assumption."⁷

THE REACTION OF THE PEOPLE—The company as well as Mayor Pingree was anxious to ascertain how the public would accept the rise in fare. Mr. Hutchins spent an entire day riding over the lines and as a result, heard no end of expressions.⁸ A few of the specific reactions will illustrate the trend of feeling. L. S. Page, Manager of the Detroit News Company, as he boarded a car and received change from his quarter in lieu of tickets, demanded, "What does this mean?"

"Straight five cent fare this morning," replied the conductor.

⁶*The Detroit Tribune*, (November 25, 1895). Vol. 3, p. 826.

⁷*The Evening News*, (November 25, 1895). Vol. 3, p. 835.

⁸*The Detroit Tribune*, (November 25, 1895). Vol. 3, p. 826.

"Give me back that five cents, and stop at the next corner," demanded Mr. Page. The conductor obeyed.

Tom Nevin said that he rode down town on the Detroit Railway line and' liked it, adding that he knew of some men who walked seven blocks to ride on the Pack line.⁹ This remark delighted Mayor Pingree who had walked through rain and slush several blocks to take a Detroit Railway car, though the Citizens' line ran by his home. Upon reaching his office somewhat tardily he said: "Going to come down that way every morning. Not quite so near, but it's all right. Good service. Got a seat. Warm cars. No smell of gas from the stoves. No old rattle trap cars such as Tom Johnson runs. Say, it's a great line, better'n I had any idea it was. I'd come down that way if I'd had to come down clear around Belle Isle. But gosh! say, that road's crooked."

This remark was made to Tom Nevin who responded by asking if Pingree was willing to compromise. Said Pingree, "No Sir, no compromise. We don't want one. The people want municipal ownership and a two and one-half cent fare. That is what we are going to have, too. It's coming."¹⁰

PINGREE TAKES A RIDE—The Mayor's opposition took another tack. He wished to be ejected from a Citizens' car in order that he might bring suit for damages and so test his claim that by virtue of an implied contract the Citizens' Company had to sell

⁹*The Evening News*, (November 25, 1895). Vol. 3, p. 845.

¹⁰*The Evening News*, (November 25, 1895). Vol. 3, pp. 831-832.

six for a quarter tickets. He took steps accordingly. "Good Lord," moaned colored conductor J. P. Anderson as Mayor Pingree, accompanied by reporters, boarded his car. Anderson knew that he would have either to put the Mayor off the car or lose his job, and both prospects were against his liking.

"Got any six for a quarter tickets?" Pingree asked.

"Good Evening, Mayor Pingree, Fare Please."

"Here I have twenty-five cents. Give me six tickets."

Anderson, laughing good naturedly reached for the coin, but the Mayor would not relinquish it.

"Oh, come now, Mr. Pingree, I really can't sell you any tickets. Please don't make me any trouble," Anderson begged.

"I don't want to make you any trouble, but I do want to see if Tom Johnson is bluffing. Any of you people want to ride with me on a six ticket for a quarter treat?" he asked the group on the platform, all of whom said they had paid their fare.

"Now, Mr. Pingree, you either have to pay your fare or get off the car. The man you rode down with this morning was laid off because he did not collect your fare. I don't want to put you off, but I must if you insist."

"I can't pay five cents. I must have six for a quarter."

Anderson went forward and returned with the motorman who carried the motor lever in his hand.

"You refuse to sell me six tickets for a quarter, and order me off if I will not pay five cents," countered the

Mayor. Anderson said "yes". To this Pingree responded that he would get off. Mayor Pingree repeated the experiment on several other cars, carrying the discussion just to the point where further hesitation would lead to a forceful ejection. He was convinced that Johnson was not bluffing.¹¹

PINGREE ISSUES A PROCLAMATION—After his attempt to compel the Citizens' Company conductors to accept a quarter for six tickets he issued a proclamation, pointing out: That for no accountable reasons the rates had been raised in the face of a plainly implied contract to the contrary; that a street railway is primarily for the convenience of the public and not for private profit making; that the fares were raised against the will of the public; that passengers were being driven to the other line compelling the Citizens' Company to run practically empty cars, thus contrary to their franchise obstructing the street unnecessarily; that the people have the right, within certain limits "to tender twenty-five cents for six tickets, and if that fare which has prevailed for thirty years is refused, then to claim the right to ride until such tender is accepted."¹²

INFLUENCE ON TRAFFIC—The discontent of the public was evidenced by the shift in traffic from the Citizens' Company lines to the Detroit Railway. Auditor Starring of the Detroit Company said, "Referring to ticket sale it took just four days'

¹¹*The Detroit Free Press*, (December 14, 1895), Vol. 3, pp. 877-881.

¹²*The Detroit Free Press*, (December 14, 1895), Vol. 3, pp. 882-884.

supply to meet yesterday's demand." Vice-President J. C. Hutchins said, "A good many people will walk or go to the Detroit lines for a few days; a few will go there permanently, perhaps, and there will be some people cussing us for a while, and some cussing the Mayor, but the great majority won't give the matter a thought after a bit."¹³ On Saturday, December 14, 1895, the Detroit Railway carried 59,000 passengers, taking in \$1,970, while the average day's income formerly ranged from seven hundred to nine hundred dollars.¹⁴

COURT ACTION COMMENCED—At the instigation of Mayor Pingree, Charles Flowers, Attorney for the Detroit City Railway filed a petition requesting a mandamus to compel the offending Citizens' Company to sell six tickets for a quarter. He claimed that when the franchise did not fix the rate of fare that custom ruled, and that he had in his possession a Supreme Court Ruling substantiating his opinion.¹⁵ But the case never came to trial.

FARES DOWN—On December 31, after the council had passed a certain ordinance desired by Tom Johnson the fares dropped, not back to the old schedule, but to a preferable one. The passengers could now buy eight tickets for a quarter. Moreover, should the passenger have either a ticket on the Detroit Railway or the Fort Wayne road the Citi-

¹³*The Evening News*, (November 25, 1895). Vol. 3, p. 834.

¹⁴*The Detroit Tribune*, (December 17, 1895). Vol. 3, p. 890.

¹⁵*The Detroit Tribune*, (December 17, 1895). Vol. 3, pp. 887-889.

zens' Company would accept it. The ride that required a transfer, however, would cost five cents. This was the point upon which Pingree and Johnson differed.¹⁶

RESULTS OF EXPERIMENT—FARE RAISED—Within a week the Citizens' Company announced that the eight for a quarter fares were unprofitable.¹⁷ On May 19, the company said that receipts had fallen off 40 per cent since the new fares went into effect.¹⁸ In August Vice-President Hutchins announced that the daily loss under the new fare was over \$300.00 in spite of the fact that most of the line had recently been electrified making the expense of operation much less than when horses were used.¹⁹

As a result of losses the Citizens' Company raised its fare on August 16, to the old six for a quarter basis, with six tickets to the strip. This change in rates did not affect the workingmen's tickets.

FINAL ATTEMPT TO SETTLE FRANCHISE QUESTION

THE COMPROMISE COMMITTEE OF 1895—As a result of the friction between the Citizens' Company and the city, and the inability of the three large traction companies to cooperate, a compromise committee was created composed of representatives of the three roads, to draft a franchise agreeable to all concerned.²⁰

¹⁶*The Detroit Tribune*, (January 1, 1896). Vol. 3, pp. 938-940.

¹⁷*The Detroit Tribune*, (January 7, 1896). Vol. 3, p. 981.

¹⁸*The Detroit Tribune*, (May 19, 1896). Vol. 3, p. 1113.

¹⁹*The Detroit Tribune*, (August 16, 1896). Vol. 3, p. 1168.

²⁰*The Detroit Tribune*, (December 20, 1895). Vol. 3, p. 896.

The committee first came to agreement as to the four questions requiring consideration.

1. The question of rates and fares charged by the Citizens' Company.
2. The matter of settlement of the franchise question with the Fort Wayne and Belle Isle Company which arose because some of its franchises duplicated those of the Citizens' Company.
3. The question of an arrangement whereby one ticket with universal transfer privilege might be adopted for all roads, or if the one-ticket scheme proved impractical then an arrangement whereby the tickets of all lines would be interchangeable.
4. The problem of a provision for "neutral track territory" for all the companies in the down town district.²¹

THE SKELETON ORDINANCE—Corporation Counsel Speed drafted a skeleton ordinance for each of the companies, leaving open the question of fares for further consideration. It read as follows:

"First, that all rights granted to the Detroit Street Railway Company, and the Grand River Street Railway Company; of which companies the Citizens' Company was the assign, be extended and shall continue for a period of thirty years, from the time this ordinance takes effect.

"Second, that the lines of railway should be operated under the provisions governing the Detroit City

²¹*The Detroit Tribune*, (December 19, 1895). Vol. 3, pp. 893-894.

Railway Company, and subject to all obligations of that company.”²²

THE FATE OF THE ORDINANCE—The proposed ordinance met with severe criticism. Many aldermen refused to consider any plan that did not incorporate the specific provisions that the corporations would have to adhere to. Johnson let it be known that he would be pleased to consider a provision in the proposed ordinance granting eight for a quarter fares with a five cent charge where transfers were required.²³

The Mayor said that eight for a quarter tickets and universal transfers would meet with his approval.

Johnson succeeded in getting an ordinance through the council to his liking which provided that he would be given sixty days in which to accept it, and also that the company was to pay no personal tax. The Mayor vetoed the ordinance giving the following objections:²⁴

THE VETO MESSAGE

1. The above document was a “supplementary ordinance” instead of a new ordinance containing an exact statement of the rights permitted the company.
2. The ordinance should provide that the suit against the Detroit Railway pending in the Courts be dropped.

²²*The Detroit Tribune*, (December 21, 1895). Vol. 3, p. 902.

²³*The Evening News*, (December 30, 1895). Vol. 3, p. 925.

²⁴*The Evening News*, (December 31, 1895). Vol. 3, p. 936.

3. The tax exemption clause was objectionable.
4. The ordinance did not require a transfer for every fare paid.
5. There was no provision made for children's fare.
6. There was no statement as to hours of labor for employees.
7. Passes were not prohibited.
8. No provision was made for joint use of tracks in the down town district.
9. No provision was made for future municipal ownership.²⁵

The council chambers were crowded to hear the message and it was greeted by both hisses and cheers. At the conclusion of the reading the ordinance was again put to a vote, and the aldermen upheld Mayor Pingree's veto. From then on both the city and the company became more determined not to yield. The city began to think more seriously of municipal ownership as the only solution, while the Citizens' Company felt that consolidation afforded the only means of relief. It was not until 1898 that another definite ordinance was presented to the council and then it was upon that body's request.

THE HUTCHINS ORDINANCE—In December, 1898, the Committee on Streets and Ordinances was faced with two problems. One was the question of a cross town line down Rowena to Woodward, and the other

²⁵*The Detroit Tribune*, (January 8, 1896). Vol. 3, pp. 996-997.

was the demand of the people living tributary to the Fort Wayne & Belle Isle line for some arrangement whereby transfers would be issued to other lines. The committee requested the Citizens' Company to state what concessions it would make in return for a new franchise.

Mr. Hutchins presented the proposition in person.²⁶ In return for a thirty year franchise covering all his lines he was willing to grant the following: Six tickets for a quarter including universal transfers; to pave between tracks; to pay the city two per cent of gross earnings; to consider lines operated under original township grants as extensions under the ordinance; to construct an extension west on Mack and Rowena from Gratiot and Russel, thence south to Gratiot. He was willing also to provide another extension to Holbrook Road from Russel and an extension of the Third and Greenwood Road from Holden Road northerly on Hamilton Avenue to the city limits and an extension on the Myrtle line through Twenty-sixth, Magnolia, Vinewood, Buchanan, and Livernois to Michigan Avenue. Moreover should the streets have to be widened in order to permit double tracks the company would pay for such widening and for the first paving. A double track line would also be provided running easterly on Gratiot from Concord to the city limits.

HUTCHINS' SPEECH—In presenting this ordinance to the council committee on streets and ordinances

²⁶*The Evening News*, (December 12, 1898). Vol. 5, pp. 1671-1673.

he explained each portion of his proposition: "This draft has been carefully prepared and is in legal form," said he. "Note that we burn our bridges behind us." He then told how upon his advice his associates had invested their money in Detroit some four years previously assuming, of course, that they could count upon fair play. He continued: "There is a phase of this matter to which I wish especially to allude. The records show that no measure introduced in the common council antagonistic to the interests of the railway has ever failed of passage by a practically unanimous vote, and none of any other tenor have ever been introduced. The people are doubtless willing that the right shall prevail, but have been led to believe that their interests may be secured through the dishonesty of their own servants. It is said that some of these servants are dishonest in a mercenary sense and others are dishonest in a sense that would annoy us for political advantages. I trust that all may now be honest. We shall do nothing that is not open and above board."

Mr. Hutchins insisted that he would be glad to submit the matter of the ordinance to any tribunal composed of the Governor, the Mayor, members of any one of the higher courts or even to a vote of the people if the council so desired. Then though the sacrifice be great the company would concur, knowing that the decision was just. He concluded by saying: "It now becomes our duty to determine what is best to be done. My duty is discharged. Your responsi-

bility begins. And now, Gentlemen, I beg leave to retire.”²⁷

THE ORDINANCE KILLED—The committee immediately submitted the proposition to the council, and it was rejected by a vote of thirty to three and returned to the company.

The sentiment of the majority was expressed by Alderman Beamer:

“I consider such an ordinance an insult to the people of Detroit. Four years ago the people of the city of Detroit voted four to one for municipal ownership, and now these companies come in and ask for a thirty-year franchise. A bill will be introduced in this legislature authorizing the city to build and own its own tracks. True the gentlemen asked the company to bring in a petition, but I don’t think the gentlemen supposed that they would bring in an ordinance of this kind.”²⁸

EFFORTS TO SECURE MUNICIPAL OWNERSHIP

MUNICIPAL OWNERSHIP IDEA CRYSTALLIZES—With the repeated failures to secure a mutually desirable franchise the city administration and the people of Detroit leaned more and more toward municipal ownership as the logical method of settlement. In 1898, the first concerted efforts were made in this direction. Alderman Beamer, president of the council, said: “I want to say that I will never vote for any thirty-year street car franchise, and I do not think

²⁷*The Evening News*, (December 12, 1898). Vol. 5, pp. 1671-1673.

²⁸*The Detroit Tribune*, (December 14, 1898). Vol. 5, p. 1676.

the council will. The road seems to be trying to get concessions in return for making extensions that the people ask for. I am going to try to have the committee on charter and ordinances take the matter up and secure from the legislature permission for the city to make the extensions on its own account. Then they can be leased to the company. Four years ago the people voted four to one in favor of municipal ownership of street car lines, and this is a step in that direction. I believe the matter can be carried through the legislature."²⁹

Early the following February an official committee composed of Aldermen Beamer, Lillit, and Dingwall, and Corporation Counsel Flowers investigated the privately owned traction system at Toronto. They expressed themselves as delighted with the system and certain that if Toronto owned the plant it would make large profits. They concluded that Detroit would likewise profit by acquiring the trolley lines.³⁰

MCLEOD INTRODUCES MEASURE—On February 20, Representative McLeod said that he would immediately introduce a bill into the legislature granting Detroit the right to acquire the traction lines. The bill, he insisted, would give the city not only the right to purchase the lines but the power to construct new lines, which meant that, should the Citizens' Company demand an unreasonable price, the city could parallel that company's lines. As security for

²⁹*The Detroit Journal*, (November 19, 1898). Vol. 5, p. 1640.

³⁰*The Detroit Tribune*, (February 3, 1899). Vol. 5, pp. 1727-1728.

the payment to the company a franchise, not to exceed fifty years in duration, would be placed in the hands of a trustee and in case of default the franchise would revert to the company. In other words the city would guarantee payment.³¹

OPPOSITION TO THE BILL—Opposition to the measure arose on the part of some of the Aldermen and business men of the city. Even Alderman Beamer had doubts. The objections were not raised because the bill aimed to secure municipal ownership, but from fear that the bill as introduced would miss its mark.

No one doubted the sincerity of Governor Pingree in supporting the measure, but some believed that Tom Johnson had cajoled him with a view to securing the coveted fifty year franchise.³² It was rumored that at Johnson's request Pingree went to Cleveland to confer with him as to a franchise extension. He made it plain to Johnson that he would consider no plan that did not aim at municipal ownership. Later Pingree is said to have visited Johnson in New York City where the fundamentals embodied in the bill were worked out. As evidence of this they pointed out the clause guaranteeing the payments on stocks and bonds. With the possibility of a fifty year franchise the securities which were much depreciated in value would rapidly approach par permitting R. T. Wilson and Co. to earn a good profit.³³ Johnson

³¹*The Detroit Tribune*, (March 25, 1899). Vol. 5, pp. 1744-1745.

³²*The Evening News*, (March 2, 1899). Vol. 5, p. 1725.

³³*The Evening News*, March 2, 1899). Vol. 5, p. 1726.

did favor municipal ownership and a three-cent fare in theory, and when he could not secure a franchise, he cooperated with Governor Pingree in an effort to sell the whole street railway system to the city. Though the public did not know it, Johnson agreed to reduce the cost to the city by the amount that would go to him as profit.³⁴

There were others who felt that Johnson was sincere. He had acquired a fortune, and his enthusiasm for Henry George and his Single Tax doctrine had led him to feel that municipal ownership would prove a social reform and therefore he aided Pingree.³⁵

THE BILL BECOMES LAW—The last week in March the McLeod bill passed, and when this news reached Detroit the opposition besieged the Governor with telegrams urging delay in the signing of the measure. From New York Mayor Maybury telegraphed as follows: "Believe that any purchase made or franchise given should be confirmed by vote of the people. Will you withhold approval of McLeod Bill until citizens have further hearing on its provisions?" The Merchants and Manufacturers Exchange wired Pingree urging delay. Alderman Fred Smith, secretary of the committee opposing the bill wired apprising the Governor that a mass meeting had been called for the following Monday evening to discuss the measure and urged delay until then.

But before the many telegrams reached him Governor Pingree had signed the bill. He wired

³⁴Johnson, "My Story," p. 96.

³⁵*The Detroit Tribune*, (March 25, 1899). Vol. 5, p. 1748.

Alderman Smith: "Have signed the McLeod Bill. If I should not sign it I would announce myself as either opposed to municipal ownership or afraid to try it. Have written you my reasons." In response to a message from Alderman Beamer urging delay, he wrote a letter stating his plan which was to unite the roads on a three-cent fare basis with universal transfers. He stated that should the sinking fund for the purchase of bonds prove inadequate with the reduced fare he would take advantage of the legal right to renew the debt by a second issue of bonds upon expiration of the first.³⁶

PROVISIONS OF THE LAW—Section I of the McLeod Bill provided that the common council of the City of Detroit, might, should it so desire, appoint by resolution three persons to constitute a committee to be known as the "Detroit Street Railway Commission." The term of office to be for six years. The chief restriction was that no alderman could hold the position.

Section V provided that "the said commission may in their discretion and upon such terms and conditions as they may deem advisable for the interest of said city, acquire, by deed, lease, or other satisfactory conveyance from the company or companies owning the same to said city, any street railway or railways existing at the time of the passage of this act and lying wholly within or partly within and partly without said city, operated by the same company

³⁶*The Detroit Tribune*, (March 25, 1899). Vol. 5, p. 1747.

or companies together with the property, assets, rights, privileges, etc., owned and used in connection with or pertaining to said railways, including rights to routes belonging to such company or companies upon which a railway shall not be in operation, and may operate and maintain said street railways so required, for the carriage of passengers and freight for hire."

Section VI provided that all earnings might go for paying off indebtedness of the lines, and for making needed improvements but expressly prohibited the committee from incurring any debt for which the city would be responsible except upon the street railway property and its earnings.

Section VII empowered the commission to expend any portion of the earnings for purchase of equipment, and gave them the right to set the rate of fare so long as it did not exceed the rate then charged by the Citizens' Company.

Section VIII provided that "After acquiring any railway or railways pursuant to section five hereof, said commission shall have the power to enter into agreements with any street railway company having a line of street railway, for or in relation to the exchange of tickets and transfers, and for the carriage of passengers, use of tracks or operation of cars, provided that such agreements shall not be inconsistent with or in violation of the terms of the conveyance or contract mentioned in section five hereof."

Section XII stated that nothing in the act should be construed to permit the granting of any franchise

“to any of the existing street railway companies, or as extending the life of any existing franchise, or as implying any franchise rights in case of reversion of the property to the grantors or their successors.”³⁷

THE COMMISSION ORGANIZED—On April 1, the common council passed a resolution appointing the commission, making Governor Pingree chairman and Elliot G. Stevenson and Charles Schmidt the other members. This body was to be known officially as the Detroit Street Railway Commission.⁸

April 3 the new commission drafted a letter to the Detroit Citizens' Street Railway Company saying that the commission was prepared to negotiate for the purchase of the lines provided the company was willing to determine a price on principles laid down by the commission. The purchase price of real estate and equipment would have to represent actual value of that date. In other words the basis of valuation would have to be that of reproduction cost. The value of the franchises would be determined through knowledge of gross and net earnings for the previous five years plus an estimate of what they could earn during the remaining years of their life. The commission reserved the right to appoint a committee of experts to verify the facts and information furnished by the company. The value of company stocks was to be left out of consideration.³⁹

³⁷*The Detroit Free Press*, (July 6, 1899). Vol. 5, p. 1812.

³⁸*The Evening News*, (April 24, 1899). Vol. 5, p. 1774.

³⁹*The Evening News*, (April 3, 1899). Vol. 5, pp. 1771-1773.

The following day the commission received a reply from the Citizens' Company stating that it was ready to have experts examine their books to determine the net earnings.⁴⁰

NEGOTIATIONS—Negotiations were entered into for the purchase of the various street railways in the city.⁴¹ Many conferences were held between the commission and the Citizens' Company officials. E. B. Hutchinson, an accountant for the company was to determine the value of the plant and the franchises. Prof. E. W. Bemis of the Kansas Agricultural College was engaged by the commission to check Mr. Hutchinson's figures.⁴² On May 12, Chairman Pingree announced that there was agreement upon two points while upon two matters there was yet disagreement. Both parties agreed that the bond issue should be for \$16,000,000 at 4 per cent, and that the cash value of the Citizens' Street Railway System including its earning capacity for the remainder of the franchise life was \$15,120,000.

There were, however, two points at issue. First, the company desired a forty-seven year security franchise and the commission felt that such an arrangement was satisfactory, insisting that in reality it was an advantage for the longer the term of the franchise the more certain it was that the property would not revert to the company, for the commission would have that much longer in which to retire the bonds and so

⁴⁰*The Evening News*, (April 4, 1899). Vol. 5, p. 1774.

⁴¹*The Detroit Free Press*, (July 6, 1899.)

⁴²*The Detroit Free Press*, (May 24, 1899).

pay for the property out of the earnings. The commission, however, felt that the public would never agree to such a long term franchise. Second, the question arose whether the rate of fare should go back from eight tickets for a quarter to six tickets for a quarter in the event of the security franchise becoming inoperative.⁴³

On May 24, the commission submitted a preliminary report to the council committee. It stated that Professor Bemis had found the results obtained by Mr. Hutchinson satisfactory. He determined that the net earnings for the year ending April, 1899, were \$805,000. Prof Bemis deducted \$55,000 from the net earnings as shown on the books to cover possible increases in operating costs and depreciations. The report placed the aggregate value of the franchises owned by the railway companies at \$8,478,563.86 "His computation is made on the basis of \$750,000 net earnings, deducting 4 per cent on annual increase of traffic and earning during the lives of the franchises. This franchise value, viz., \$8,478,563.86 added to the value of the physical plant, viz., \$8,000,000 making the total value of the street railway property and franchise rights \$16,478,563.86."⁴⁴

The figures presented by the street car company were next revealed. That company fixed its price at \$17,500,000—"the proposition being that a new security franchise covering all the lines be granted to a new company, which new company would execute

⁴³*The Detroit Free Press*, (May 12, 1899).

⁴⁴*The Detroit Free Press*, (May 24, 1899).

bonds secured by mortgage on all the property of the companies and the security franchise for \$17,500,000 and then the city would acquire such property subject to the payment of such mortgage indebtedness.”⁴⁵

FINAL COMMISSION REPORT—JOHNSON’S VIEW—
On June 5, the Detroit Street Railway Commission placed its final report before the council hoping that it would be accepted and that steps would be taken to secure municipal ownership. Commissioner Stephenson on a trip to New York where he conferred with Mr. Wilson cleared up the last points of disagreement. The final arrangements then subject to the consent of the council and Mayor Maybury were: The commission would sell its own bonds, the issue to be \$16,800,000 the city to keep the excess from the sale and to put the money into the city treasury for emergencies; a special election was to be called submitting the proposition to the people; the council was to have the power under the security franchise at any time either to lease or sell the lines if the management failed to meet with the approval of the city; Governor Pingree was willing to add two democratic members to the commission that the charge of politics might not be made against that body; and finally the commission arranged that the sale price of the roads was to be \$15,325,000.⁴⁶

To consummate the plan, however, more than mere sanction on the part of the council was necessary.

⁴⁵*The Detroit Free Press*, (May 24, 1899).

⁴⁶*The Detroit Free Press*, (June 6, 1899).

The commission asked two grants of that body: First, that the Street Railway Commission be empowered to incorporate as the Detroit Municipal Railway Company; second, if the first request was granted then the council was to pass an ordinance giving the Detroit Municipal Railway Company a thirty year franchise empowering it to own and operate street car lines in the City of Detroit. The franchise was further to provide that in the event that all the payments were not made to the street car company within the life of the franchise, then an extension of eighteen years was to be granted. This, of course, was to be subject to the validity of the McLeod Bill.⁴⁷

OPPOSITION TO THE COMMISSION—During the time that Pingree and his associates were engaged in ascertaining the value of the Citizens' Company's lines and negotiating for terms efforts were made to defeat the Governor's plans. The most concerted action came from the "Citizens' Committee of 62," many of whom were prominent citizens who felt that they were benefiting Detroit by their opposition.⁴⁸

It became known that Pingree had secured an option on the street railways through the influence of Tom Johnson. Elliot G. Stevenson said that the option expired on May 14,⁴⁹ and that, therefore, rapid action was necessary.

It appeared that the more interested Tom Johnson became in establishing municipal ownership and three-

⁴⁷*The Detroit Free Press*, (July 7, 1899). Vol. 5, pp. 1968-1970.

⁴⁸*The Detroit Free Press*, (April 18, 1899).

⁴⁹*The Detroit Free Press*, (April 11, 1899).

cent fares, the more opposed were the people. At a gathering of prominent citizens he expressed his views saying: "I believe that all these public utilities should be owned by the national, state and local governments insofar as there is no competition between private parties.

"Regarding street railways, which are artificial creatures, I believe that the municipality should both own and operate them, and let the people ride free on the cars.

"If the city owned the street railways and operated them so that the people could ride on them free, the expenses being borne by the general tax payers, there would be less danger of politics and extravagance entering into the management of the roads."

In commenting on this statement the day following, a Detroit paper bore the caption, "The Cleveland Socialist expatiates on True Government."⁵⁰

On April 7, the "Citizens' Committee of 62" took steps to test the constitutionality in the courts.⁵¹ On April 25, by agreement between the two opposing bodies a joint petition was carried to the Attorney General asking permission to start proceedings. Corporation Counsel Joslyn represented the commission and Attorney Gates the Citizens' Committee.⁵²

MCLEOD LAW DECLARED UNCONSTITUTIONAL—
The petition was granted and proceedings started in

⁵⁰*The Detroit Free Press*, (April 22, 1899).

⁵¹*The Detroit Free Press*, (April 7, 1899).

⁵²*The Detroit Free Press*, (April 25, 1899).

the Supreme Court of Michigan to test the validity of the McLeod Law.⁵³

On July 5, the Supreme Court handed down a unanimous decision declaring the McLeod Law unconstitutional for the following among other reasons:⁵⁴

1. Because the act empowered the city to undertake the work of internal improvements which was contrary to Section 9 of Article 14 of the state constitution.
2. Because the law sought to grant a municipal corporation powers which were not local, legislative, or administrative, contrary to Section 28 of Article 4 of the state constitution.
3. Because the act sought to give the Detroit City Railway Commission "unlimited and unrestricted power to contract debts for and loan the credit of said city of Detroit contrary to the tenor and effect of Section 13 of Article 15 of said constitution, which provides that the legislature shall provide for the incorporation and organization of cities and villages, and shall restrict their powers of taxation, borrowing money, contracting debts, and loaning their credit."
4. Because the powers to contract and purchase which the law sought to confer upon the commission could not under the constitution be

⁵³*The Detroit Free Press*, (July 6, 1899).

⁵⁴*The Detroit Free Press*, (July 6, 1899).

either conferred upon that body or exercised by it.

5. Because the law sought to vest the commission with legislative powers.
6. Because the law would unlawfully interfere with the rights of local self-government in that it would remove certain powers granted only to the common council and place such powers in the hands of the commission, which was illegal.

PINGREE TRIES AGAIN—Pingree was a fighter, and in spite of the continued criticism, he was determined to make one more effort to realize municipal ownership. It was generally felt that the Governor had been blinded to the interests of the people by the keen R. T. Wilson, and the suave Tom Johnson. One critic said that: "Governor Pingree is either a fool or a knave. The Pingree of 1889 and 1899 are separate and distinct men. Then he was a fighter. Now he is controlled and bound hand and foot by professional lobbyists. He has been betrayed into the hands of the enemy."⁵⁵

On July 12, through the influence of Pingree the signatures of twelve councilmen were secured on a call for a special council meeting the following day.⁵⁶ When the meeting assembled the Detroit Railway Commissioners announced that, due to the recent decision regarding the McLeod Law, they had filed

⁵⁵*The Detroit Free Press*, (April 14, 1899).

⁵⁶*The Detroit Free Press*, (July 11, 1899).

articles of incorporation for a private firm composed of the commissioners to take over such lines until the state constitution could be changed permitting their direct holding by the city. The second announcement was more startling. Carl E. Schmidt, because of entire lack of knowledge regarding the handling of traction lines, withdrew from the commission. In his place was J. C. Hutchins, vice-president of the Citizens' Company. After much debate, the common council by a vote of 19 to 14 passed a forty-eight year security franchise, running to the "Municipal Ownership Company," composed of Governor Hazen S. Pingree, Elliot G. Stevenson, and J. C. Hutchins.⁵⁷ The rate of fare was fixed at five cents with tickets six for a quarter.⁵⁸ Mayor Maybury, suspicious of the entire proceedings, announced his intention of vetoing the bill.⁵⁹

PINGREE INTERVIEWED—In an interview the Governor was asked: "You say that under the Supreme Court decision the city cannot take the street car lines until the constitution has been amended. Is it not true that it will be more difficult to amend the constitution than to get a measure through the legislature?"

Pingree responded: "Yes, but I'll do all I can to get an amendment through."

Questioned as to the legality of his proposed private corporation he said that all of the past city counselors

⁵⁷*The Detroit Free Press*, (July 12, 1899).

⁵⁸*The Detroit Free Press*, (July 11, 1899).

⁵⁹*The Detroit Free Press*, (July 20, 1899).

of Detroit who were living declared the procedure legal.

The Governor was then faced by the following: If it was impossible to get an amendment, "the corporation formed of yourself, Mr. Stevenson, and Mr. Hutchins would go on running the roads until one or all of you are dead, and then you would be succeeded by some one else that might not run the roads for the benefit of the city."

This Pingree admitted but suggested no remedy.⁶⁰

The opposition could not see that above all else Mr. Pingree desired municipally owned street cars in Detroit, and if he could not secure it at once, he was willing to accept anything that brought him closer to his goal; and though the plan he proposed was far from ideal, he believed it was a step nearer the objective.

At a joint gathering, July 14, the Chamber of Commerce, the Merchants and Manufacturers' Exchange and the Board of Trade, passed resolutions unanimously condemning the passing of the forty-eight year franchise by the city council.⁶¹

In order to win over Maybury, and if that were not possible, to secure the carriage of the franchise over his veto it was announced that a compromise on fares was possible. Johnson, in his eagerness to see municipal ownership adopted, suggested the following plan; Between 6 A. M. and 10 P. M. tickets should be

⁶⁰*The Detroit Free Press*, (July 13, 1899).

⁶¹*The Detroit Free Press*, (July 15, 1899).

sold eight for twenty-five cents, and from 10 P. M. to 6 A. M. for five cents straight.⁶²

THE OPTION WITHDRAWN—Before either the Mayor or the council had taken further action, an outside force unexpectedly determined matters. On July 16, Governor Pingree received the following communication from the Metropolitan Railway Company of New York, with which R. T. Wilson was associated, and which controlled the stock of the Citizens' Street Railway Co.⁶³

H. S. Pingree,
Detroit Municipal Railway,
Detroit, Michigan.

Dear Sir:

We are satisfied that it is not feasible to consummate, under existing conditions, the plan of transferring the street railway property to your company. We must face squarely the proposition which the opponents of the plan put forward, that our franchises are running out and that when they do expire we shall have an expensive plant on our hands which the opponents of the plan say they can compel us to sell at a ruinous sacrifice unless we are willing to accept a new franchise on their terms. We must so manage the railways in the meantime as, if possible, to prevent the loss so threatened—.

⁶²*The Detroit Free Press*, (July 16, 1899).

⁶³*The Detroit Free Press*, (July 16, 1899).

In bringing our negotiations to an end we thank you heartily for the courtesy and fairness which you have shown to us throughout.

Yours very truly,

METROPOLITAN RAILWAY CO.

By Berhard Clark, President.

This letter decided the issue. The battle that Governor Pingree had waged for ten years was ended, and Detroit was as far from municipal ownership of street railways as it had been in 1889. Political hatred of Pingree, suspicion, honest doubt and procrastination were important factors entering into the defeat of the plans. It is interesting to read Tom Johnson's criticism, ten years later, of this struggle in the company's history.⁶⁴

JOHNSON'S CRITICISM—"Later I cooperated with him (Pingree) in trying to sell the whole street railway system to the city. Popular clamor and opposition to Pingree defeated this. It was claimed that the price was too high, and that I was getting the advantage of the Mayor. The public did not know that I had agreed to reduce the cost to the city by such share of the purchase price as would come to me as profit. It would have been useless to tell this. Nobody would have believed it. I suppose there are people who would not believe it now. But the citizens later had the humiliation of seeing the property which our

⁶⁴Johnson, "My Story," p. 96.

company had offered to the city for fifteen millions sold to other private interest for twenty-five millions. Then Detroit realized the chance it had missed and couldn't avoid seeing that I was more interested in municipal ownership than I was in personal profits—a fact that Pingree knew all the time. But any attempt on our part to have made the public believe this would have brought ridicule upon us, so I allowed myself to be misunderstood."

CHAPTER X

THE EXTENT AND VALUE OF THE DETROIT STREET RAILWAY LINES IN 1899

PHYSICAL VALUE¹

As the preceeding pages indicate, the street car lines within the city limits of Detroit by 1899 had come under the management of the Citizens' Street Railway Company. Therefore it is not desirable to enter into a discussion of the equipment and value of each road, but rather to gain an idea of the rapid expansion experienced by the lines as a single unit during the period closing with 1899.

TRACK—CARS—Tom Johnson estimated the trackage at 179 miles. The cost of construction approximated \$20,000 per mile without any equipment considered, making a total of \$3,700,000. There were 701 passenger cars costing, complete with motor and appliances, \$3,000 each, totaling \$2,103,000. These figures were based on reproduction cost, which was higher than at the time the track and cars were constructed. At that time steel rails were \$15.50 a ton, while in 1899, they cost \$24.00 per ton, and copper wire had advanced from 12 cents to 20 cents.

¹*The Detroit Journal*, (April 5, 1899).

REAL ESTATE—The Citizens' Company was one of the largest owners of real estate in the city, as the following list of holdings indicates:

1. Frontage of 60 feet at foot of Woodward Avenue (value \$1200 per front foot)—\$72,000; building—\$45,000; total—\$117,000.
2. Site of Franklin Street car barns—\$25,000.
3. Site of Detroit Railway Power House at foot of Riopelle Street—\$65,000; that of the Citizens' Company Power House—\$60,000.
4. Frontage of 400 feet on Jefferson Avenue (value —\$250.00 per front foot)—\$100,000.
5. Three acres in Grosse Pointe—\$9,000.
6. Car barn lot near Trumbull and Grand River Avenues—\$40,000.
7. Myrtle Street property—\$10,000.
8. Trumbull Street property—\$10,000.
9. Carter Street property—\$10,000.
10. Old barn site on Michigan Avenue—\$60,000.
11. New Barn on Michigan Avenue—\$24,000.
12. Barn site on Warren Avenue—\$12,000.
13. Barn site on East Fort Street—\$15,000.
14. Frontage of 200 feet on Clarke Avenue—\$20,000.
15. Four acres out Woodward Avenue and other property—\$150,000; buildings on above site—\$200,000.

MACHINERY—The estimated value of machinery follows:

“The machinery in the three power houses probably cost three-quarters of a million dollars. The Detroit Power House has engines of 4,000 horsepower; that of the Citizens’ Company 6,000, and all of the Fort Wayne lines 1,200, making a total horsepower of 11,200. This cost at the factory about \$20 per horsepower, but freight and expense of setting up and other things bring it up to about \$25 per horse power. The boiler capacity of the higher type of those used in power houses costs about 20 per cent of the cost of the engine capacity, while dynamos cost about \$25 per K.W. The capacity of the dynamos in the three power houses was about 10,000 K.W. The value of the property which the three companies had in the air reached a surprising figure. It was said that there were feed wires and trolley wires, considered as property in the air, which at the time the wires were strung represented over \$600,000. At the present price of copper this would be increased to \$900,000.”

TOTALS—Grouping the estimates for each part of the system the following results were given by the *Journal*, April 5, 1899:

Track.....	\$3,700,000
Cars.....	2,103,000
Real Estate.....	1,000,000
Wiring.....	900,000
Power House Machinery.....	700,000
Miscellaneous.....	300,000
Total.....	\$8,703,000

VALUE OF SECURITIES²

CITIZENS' COMPANY—FORT WAYNE & DETROIT RAILWAY SECURITIES—The stock of the Citizens' Company was valued at \$1,000,000, representing the actual money paid by D. M. Ferry and his associates when they purchased the property. The bonds were estimated as worth \$7,000,000, but not all had been issued. They were quoted at 90 but were not salable at more than 85. The Fort Wayne Company had bonds outstanding to the amount of \$1,200,000 representing the entire value of the line. The Detroit Railway bonds amounting to \$2,800,000 were said to have far exceeded the value of the road, yet they were quoted at par.

Assembling the above figures the following results are secured:

Citizens' Company's bonds at 85.....	\$ 5,950,000
Citizens' Company's stock.....	1,000,000
Fort Wayne bonds.....	1,200,000
Detroit Railway bonds.....	2,800,000
Total.....	\$10,950,000

It is interesting to note that there is a difference of almost two and a quarter million dollars between the estimate based upon reproduction cost and the market values of securities. A still wider margin would have been obtained had the valuation been based upon original cost. Therefore, whether in 1899 the companies were overvalued or undervalued depends upon the viewpoint. Had the reproduction cost been

²*The Detroit Journal*, (April 5, 1899).

used as the basis of appraisal the concern would have been overvalued from the original cost standpoint, and undervalued from the security standpoint. These facts reveal some of the difficulties confronting an appraisal board in an effort to obtain figures satisfactory to all concerned.

PART III

THE STRUGGLE FOR MUNICIPAL OWNERSHIP

CHAPTER XI

THE DETROIT UNITED RAILWAY

THE ORGANIZATION OF THE NEW CORPORATION

OFFICIALS COME TO DETROIT—THE D. U. R.—On December 30, 1900, suspicion was aroused when Henry A. Everett, who built the three-cent system in Detroit in 1894, and James M. Edwards and J. F. VanName, associates of R. T. Wilson, arrived in the city. Jere C. Hutchins, vice-president of the Citizens' Company and his secretary, A. E. Peters, immediately called upon the out-of-town officials. The next day suspicions were confirmed by the announcement that the street railways in Detroit had consolidated under the corporate title of the Detroit United Railway Company.¹ "The purposes for which the corporation was formed," said A. E. Peters, "was to acquire, own, maintain, operate and use the street railway properties and franchises now owned and operated by the Detroit Electric Railway, the Detroit, Fort Wayne and Belle Isle Railway, the Detroit Citizens' Railway and the Detroit Suburban Railway Companies in the city of Detroit and adjacent townships and villages in the counties of Wayne and adjacent counties, and to construct, own, maintain, operate and use other

¹*The Detroit News*, (December 31, 1900).

street railways in said city and counties, townships and villages."² The charter was to run thirty years.³

NEW OFFICERS—On December 31, the stockholders in the several companies transferred their holdings to the new organization and elected a board of directors and officers. R. T. Wilson, M. Orme Wilson, James M. Edwards, of New York; Ralph A. Harmon and Henry A. Everett, of Cleveland; and Jere C. Hutchins and A. E. Peters, of Detroit, constituted the new board of directors; James M. Edwards, of New York, was elected president; Jere C. Hutchins, vice-president and treasurer; J. V. VanName, of New York, secretary; and A. E. Peters, of Detroit, assistant secretary.

FINANCIAL ORGANIZATION—The capital stock of the Detroit United Railway was placed at \$12,500,000, an increase from the sum total of old stock amounting to \$9,000,000. It was estimated that the company securities were actually worth \$19,000,000 or \$4,000,000 more than at the time Pingree urged the city to buy the properties in 1899. Bonds to the par value of \$11,000,000 were outstanding, and quoted at from 98 to 106. The \$9,000,000 in outstanding stock was selling at 85 on the New York market. The increase in the value of these securities was due, first to an increase in the fares, and second, to increased patronage. The new organization was in a sound position, business was due to increase, and the

²From letter of A. E. Peters, (February 13, 1928), in private possession.

³*The Detroit News*, (December 31, 1900).

company had a virtual monopoly. There was little danger that an outside company would attempt to enter the streets, as franchise rights expired piecemeal; and to operate a short piece of track would not be profitable. Then, too, the old company could offer better terms for extension privileges than could any new concern, as one friendly to Tom Johnson suggested: "The old company will be making such profit, and will have such a grip on the bulk of the tracks that it will be in a position to dictate terms; or, at least, it can afford to make the most inviting proposition to the city for a new franchise and still leave room for big profits; for the city will grow, and the number of shares will increase enormously."⁴

LARGE PROFITS CREDITED TO PROMOTORS

LARGE PROFITS TO EVERETT—It was stated at the time the Detroit United Railway was organized that large profits went to both H. A. Everett and R. T. Wilson. It was said by one credited with being familiar with the affairs of the new company that Everett and his associates had purchased \$500,000 in stock at sixteen cents on the dollar, and in addition held millions in stock for which they paid nothing. He recalled that back in 1894 the council and Mayor Pingree in their eagerness to secure lower fares gave Pack-Everett a street railway franchise free. "With their franchise Mr. Everett and his friends issued and sold \$2,800,000 of bonds. They built the road for less than that, and actually divided among them-

⁴*The Detroit News*, (December 31, 1900).

selves some of the money derived from the sale of the bonds. They had their road and some cash besides, all a gift from the City of Detroit in the way of rights in the streets.

“Then you remember,” stated the one who was close to the proceedings, “came the sale of the Detroit Railway to Wilson. I may not know all that the Pack-Everett people received, for going back on a solemn moral obligation to maintain competition in Detroit, but I know this—they received a bonus pure velvet of \$2,400,000 of Virginia Traction Company stock. When it came to the organization of the Detroit United Railway, Everett and his party gave back the Virginia Traction stock, and received par of the Detroit United Railway stock with nearly forty per cent stock dividend; so that they received over \$3,300,000 of the present Detroit United Railway stock, and it cost them nothing.

“Then the Everetts owned an interest in the old Fort Wayne road, and that didn’t cost them a cent, for the cost of the entire property was paid for by an issue and sale of \$1,200,000 of bonds. For this interest in the Fort Wayne road Mr. Wilson gave them 24-70ths of United Railway stock which cost the Everetts nothing. In other words the Everett party received nearly \$4,500,000 of the \$12,500,000 of the Detroit United Railway stock and all it cost them was the \$80,000 which they paid for the old \$100,000 of Citizens’ Street Railway stock, and that \$80,000 was more than made up to them by their profits in selling bonds on the Detroit Railway; it

came to them without cost and simply because the City of Detroit was kind enough to give them a street railway franchise.”⁵

R. T. WILSON PROFITS—R. T. Wilson also profited by the merger. He purchased \$1,150,000 of the Detroit Citizens' Street Railway stock in 1895 at about eighty cents on the dollar, totaling about \$920,000. The interest accumulated during the intervening six years at the current rate was around \$276,000. Later when the two large systems consolidated, and the Virginia Traction Company was organized to hold the stock, Wilson received \$4,000,000 in the stock of the holding company in exchange for his \$1,150,000 of Citizens' Company stock. The remaining 24-70ths of the Virginia Company stock went to the Everett group. When the Detroit United Railway Company was organized Wilson received \$6,400,000 of the new stock for his Virginia Company holdings, making the actual cost of the stock to him about sixteen cents on the dollar. Mr. Everett stated that he and his friends purchased all of this \$6,400,000 of United Railway stock from Wilson at around seventy cents on the dollar. That gave Wilson some \$4,480,000. Wilson, however, lost on certain payments to bondholders cutting his actual profits to somewhat over \$3,000,000 on an initial outlay of \$80,000 for the \$1,150,000 in Citizens' Company stock. The actual figures explaining the means

⁵*The Detroit News*, (February 21, 1901).

by which Wilson made his profit as prepared by a *News* reporter follow:⁶

	Paid Out	Received
Citizens' Railway stock bought for cost.....	\$ 920,000	\$ 1,150,000
If at 5% for six years, about.....	276,000	
Virginia Traction Company stock received for Citizens' Company stock	1,150,000	6,400,000
Fort Wayne stock.....		514,272
Sale of United Railway stock at 70c..	6,400,000	4,480,000
Loss on bonds (estimate).....	714,272	
	\$9,460,272	\$12,544,272
Profit for Wilson.....		\$ 3,084,000

Mayor Pingree had felt that his chief weapon against the traction interests was competition. With the creating of the Detroit United Railway the stockholders secured a complete monopoly in the streets, and the threat of competition lost all effectiveness. The corporation was more thoroughly entrenched, while on the part of the council and citizens, the opinions as to the best method of controlling the street railway situation were as divergent as ever. The outcome of the merger is illustrated in the chart at the end of the text of this volume, which shows in detail the development of the Detroit Street Railways from 1863 to 1900.

⁶*The Detroit Press*, March 1901

CHAPTER XII

LEADERS IN THE TRACTION WAR

1900—1922

During the decade preceding 1900, the street car war centered about Hazen S. Pingree and Tom L. Johnson. With the passing of Mr. Johnson the traction company congratulated itself on having Jere Chamberlain Hutchins, a gifted southern gentleman, to assume leadership. The city was not so fortunate, for, with the death of Pingree, it was fifteen years before it found a champion capable of carrying on the fight for municipal ownership. That leader when discovered was the dynamic, blunt-spoken Canadian, James Couzens. Because both of these men in turn dominated the street railway policies of Detroit, a biographical sketch of each will prove of interest.

JERE CHAMBERLAIN HUTCHINS

EARLY LIFE¹—Jere C. Hutchins was born into an aristocratic Louisiana family in 1853. Soon after the family moved to Missouri and Jere received his education in the public schools of Lexington, subsequently pursuing the study of engineering under a private tutor. At an early age he became a construction engineer with the Missouri Division of the Gulf

¹Burton, *The City of Detroit*, Vol. 3, pp. 620-623.

and Lexington Railway. He served several roads in a similar capacity until he was twenty-three, when he entered newspaper work at Waco, Texas. He rose rapidly in his new profession, becoming editor of the *Waco Examiner*. But the life of a journalist proved irksome; so, in 1881, Mr. Hutchins returned to the field of his first endeavors—that of engineering—at which occupation he served for thirteen years.

COMES TO DETROIT—AN EXECUTIVE²—In 1894, Mr. Hutchins came to Detroit as vice-president of the Citizens' Street Railway Company. Through his executive ability he became president of the Detroit, Fort Wayne and Belle Isle Railway Company, and vice-president of the Detroit Electric Railway Company, which was organized to facilitate the consolidation of the several electric roads in Detroit. After the merger of the city lines into the Detroit United Railway Company, Mr. Hutchins was chosen president and served in that capacity for fourteen years, continually furthering the interests of the stockholders and developing traction lines so far as he considered the uncertainties of the fight with the city would justify. Upon his retirement in the spring of 1916 he was voted chairman of the board of directors and Frank W. Brooks succeeded him to the presidency. In addition to his activity in street railway circles Mr. Hutchins was made a director in the Peoples State Bank of Detroit, The Union Trust Company, and the Great Lakes Engineering Works.

²Burton, *The City of Detroit*, Vol. 3, pp. 620-623.

Mr. Hutchins is a good business man and an organizer of unusual ability.

SOCIAL ACTIVITIES³—Mr. Hutchins thoroughly enjoys the amenities of life. He belongs to a dozen social clubs in Detroit, several business men's clubs, and, also, his name is on several club registers in Cleveland and New York City. Today Mr. Hutchins, well and enjoying life at seventy-five, ascribes his vigor to the fact that he has always been willing to sprinkle his work with a generous amount of play.

PERSONALITY—As a citizen of Detroit, Mr. Hutchins is highly esteemed. Although he was never a sympathizer with municipal ownership and fought it for years, he is nevertheless a public-spirited man, and never fails to aid financially any worthy cause to which his attention is directed. His traits he once attributed humorously to his diversified ancestry, as follows:⁴

“You may have observed that I labor under some excitement. The reason is that I have just had a serious difficulty with an Irishman. This Irishman wanted me to fight another man and I would doubtless have done so but for the intervention of a Scotchman. Before telling the brief story let me digress a little. My father's grandfather was an Englishman; my mother's grandfather was a Scotchman; three of my maternal ancestors were respectively, Irish, French and Dutch.

³Burton, *The City of Detroit*, Vol. 3, pp. 620-623.

⁴*The Detroit Times*, (June 5, 1909).

“As constituted, therefore, I am an Englishman, a Scotchman, an Irishman, a Frenchman, and a Dutchman. And I do not mind telling you in the privacy of this company that I have a great deal of trouble with these five fellows. They quarrel among themselves, and are constantly perplexing me with their different characteristics. The Englishman worries me with his propensity for joking. He has a joke, hit or miss, for every occasion. I would not mind if he made a hit once in a while but this he rarely does, and I am all the time conscious that his mind is really busy figuring out what he is going to do to the other fellow.

“The Irishman is the limit. He keeps me in hot water half the time. Jigs and chirps are his specialties. When not dancing he wants to fight. Only the other day he came near getting me into a serious difficulty by insisting that I should call the editor of a newspaper a liar. And this I might have done but for the Scotchman, who said, ‘Wouldna it be as well to call the editor’s informant a liar?’ I took the Scotchman’s advice and escaped a roasting.

“The Frenchman bothers me not a little, bothers me with his gallantries. If a woman comes within half a block, off comes the Frenchman’s hat and out shines a gray pate. When women come into my office asking contributions for charities, bless their souls, up smiles the Frenchman; and he would give these women half of my income but for the Scotchman and the Dutchman. They are altogether in sympathy

with these women, but are not entirely carried away by them.

"The Dutchman is the worst of all. He wants me to work. He thinks I should work all day every day and that a little beer and an occasional game of pinocle are refreshments enough and recreation enough for any man. If I suggest a game of golf or a seat in the bleachers, the Dutchman kicks. The Scotchman doesn't care how much golf I play, and is willing that the Dutchman's brew shall be varied with potations of his own flavor. But, if I propose spending my money for a new automobile or a fancy cane, or in any other extravagant way, the Englishman is indifferent, the Irishman acquiesces, the Frenchman rather likes it, but the Scotchman and the Dutchman let out a yell or protest."

Mr. Hutchins possessed the wisdom to retire from a business fraught with continual disturbances while yet in the full vigor of manhood. He perceived the trend of the times, realizing that with the people of Detroit determined to have municipally owned street cars, eventually his company must go down in battle. He left the direction of the fight to younger men and retired, to share with Mrs. Hutchins the joys of private life. Prof. H. E. Riggs of the University of Michigan, remarking on the sterling qualities of Mr. Hutchins, said: "Mr. and Mrs. Hutchins spend much time in travel but when in Detroit make their home on Mr. Hutchins' farm at Grosse Pointe Farms, a real farm of many acres, practically within the city. A kindly, genial gentleman, a widely traveled and widely

read scholar, a keen student of life, Jere C. Hutchins is one of the most lovable men in Michigan."

JAMES COUZENS

RAPID RISE TO FAME—About the time that Jere C. Hutchins retired from the presidency of the D. U. R., James Couzens was assuming leadership in the city's fight against privately owned street cars. He was born in Chatham, Ontario, Canada, August 26, 1872, and there obtained his education.⁵ After graduating from high school he entered the business world as a news agent on the Erie and Huron Railway, the same road upon which Edison started his career in a similar manner. He studied telegraphy and was employed as telegraph operator for a short time just prior to coming to Detroit in 1890. For six years he was employed as car checker by the Michigan Central Railway Company at \$50.00 a month, working twelve hours a day and usually seven days a week. Mr. Couzens then took employment in the offices of the Crescent Fuel Company, Toledo, returning to Detroit in 1898 to pursue a similar occupation with the A. Y. Malcolmson Coal Company.⁶ In 1903 he invested \$2,500 in the newly organized Ford Motor Company and served that organization, first as book-keeper, then rapidly rising to the office of vice-president and treasurer of the company⁷ at a salary of \$150,000 a year, until 1915, when he severed connec-

⁵Michigan Biographies, Vol 1, pp. 203-204.

⁶*New York Times* (November 30, 1922).

⁷*New York Times*, (November 30, 1922).

tions with the Ford interest, disposing of his stock for \$30,000,000. In the spring of 1916, he accepted his first public office, that of Police Commissioner. Three years later he was elected Mayor of Detroit and continued in office a second term, resigning in November, 1922, when appointed United States Senator by Governor Alex J. Groesbeck, to fill the unexpired term of Truman H. Newberry.⁸ At the expiration of the short term Mr. Couzens was elected to the office and is today one of the hardest fighters in the Senate.

COUZENS, THE MAN—While it is of value to know the incidents in Mr. Couzens' life, it is more important to know the type of man he is. The Senator is a hard-working, dynamic person. These characteristics are well portrayed by two incidents, one occurring while he was Police Commissioner and the other while he was running for the office of Mayor. Frequently the D. U. R. raised the fare and the only recourse open to the city had been the courts. But Police Commissioner Couzens adopted a new method of handling the situation. On one occasion the fare was raised from five to six cents, and if passengers refused to pay the extra cent the conductors were ordered to stop the cars. The morning the fare went into effect a number of passengers refused to pay the additional cent and many cars were stopped. Couzens had the car crews arrested for blocking the traffic. The crowds of interested spectators joined

⁸Michigan Biographies, Vol 1, pp. 203-204.

the fray turning over stalled cars and setting fire to many of them. By late afternoon the D. U. R. agreed to run cars again on a five-cent fare if the police commissioner would stop arresting the crews. Their plea was granted.⁹ During Couzens' campaign for Mayor it happened that the street car company again announced a raise in fare of one cent, and the crews were ordered to put all passengers off the cars who refused to pay the new rate. What happened when the Mayoralty candidate entered a street car was told by the *Detroit News* as follows:¹⁰

"Out on Fort Street west—a quick-motioned man of more than ordinary bearing boarded a street car one sunny morning in August, 1918. He gave the conductor a nickel.

"Six cents this morning," answered the conductor.

"Nothing doing."

"Then get off."

"The conductor signaled for a stop, and the rebellious passenger grinned. A motor car pulled alongside and stopped.

"Another penny or get off," the conductor demanded with finality and impatience. There was another grin, and another "Nothing doing" from the passenger.

"An instant later the doors swung open, and the man of more than ordinary bearing hit the pavement, amid the pleased clicking of a battery of movie and newspaper cameras.

⁹*The Detroit News*, (May 22, 1922).

¹⁰*The Detroit News*, (May 22, 1922).

"The conductor didn't know it, but he had put James Couzens, multimillionaire, candidate for Mayor of Detroit, off that street car, and unknowingly had done a lot to bring about his nomination and election. Also he had taken a big step for a city-owned street car system in the fastest growing city in America."

Upon becoming Mayor, Mr. Couzens assumed the task of building the municipal railway line. The task was not easy, and he realized that to accomplish unusual feats it is frequently necessary to employ unusual measures. More than once he was forced to resort to his own ingenuity to overcome what to many would have been insurmountable difficulties. He possessed the ability to judge wisely and to act promptly, as the following incident illustrates. In January, 1922, the city built one of its tracks up to a D. U. R. line and was to cross it, but the company threatened to enjoin the municipality and the Mayor planned a surprise for the traction interests. The material was deposited at the side of the road but no effort was made to start work until the following Sunday night when courts were not easy to reach. A cordon of police encircled the block, motorcycle policemen guarded the streets in front of the homes of all city judges and the attorneys for the company. But the D. U. R. had been advised of the plan and General Manager E. J. Burdick with an injunction in his pocket was stationed in a drug store near where the work would have to be done. Promptly at 12:30 the city crew appeared and started work. Burdick rushed from the drug store drawing the injunction

from his pocket, but he never served it. A detective stopped him, and before the D. U. R. official knew what happened he was hurried away in a police car to Belle Isle; the bridge was swung, and Mr. Burdick was unable to return to the city until the following morning. Meanwhile the city laid the crossing, and the D. U. R. injunction was valueless.¹¹

Senator Couzens is a disciple of hard work, believing it to be man's chief weapon in overcoming obstacles to success. He once said,¹² "There is a greater demand in the world today for ability than ever before. By reason of that demand there is greater opportunity, and it is easier to succeed now than it used to be. Young men and women have so many advantages in the way of schools and contact with affairs that they have no idea how much harder it was to get ahead under the old way of doing things. And success often comes a good deal quicker than formerly. But the man who must win by himself can get to the top in only one way that I know of—work."

No one has been more successful in summing up the characteristics of James Couzens than his former business associate—Henry Ford. On the occasion of Mr. Couzens' appointment to the United States Senate Mr. Ford made the following statement:¹³

"Couzens is just the type of man needed in the Senate, not only in Michigan, but by the whole people. He is a man of immense wealth, yet he still

¹¹*The Detroit News*, (May 22, 1922).

¹²*New York Times*, (December 10, 1922).

¹³*New York Times*, (December 3, 1922).

has the welfare of the public at heart. He is independent and fearless and likes nothing better than a fight for the common people against the special interests which for years have been getting an ever-tightening grip on our government, both state and national."

Although James Couzens may accomplish many things as United States Senator, the people of Detroit will never forget him as the one man who was able to bring the Detroit United Railway to terms and give the city a municipally owned and operated street railway system.

CHAPTER XIII

CODD-HUTCHINS AGREEMENT

During the years between 1890, when Mayor Pingree declared war upon the City Railway Company, and 1922, when James Couzens signed a victorious peace, have been aptly termed by C. M. Burton, the period of the Thirty Years' War.¹ During that time scarcely a man who sought the office of Mayor or Alderman failed to run on either a three-cent fare, or an out-and-out municipal ownership platform. During this period the population increased from 205,000 to over 1,184,000², while the Detroit United Railway, with no prospects of securing franchise extensions, refused to meet the growing traffic requirements. Public-spirited men realizing that something should be done, and in an effort to alleviate the traffic situation, advanced three plans: The Codd Subway scheme, The Peoples' Street Railway Company plan, and finally the Codd-Hutchins Ordinance.

THE CODD SUBWAY PLAN

CODD'S TERMS—Mayor Codd endeavored to settle the street railway problem on terms favorable to the city. He was willing to grant a franchise to any

¹Burton, *City of Detroit*, Vol 1, p. 392.

²Burton, *History of Wayne County*, Vol. 1, p. 341:

company for a period of from twenty to thirty years, provided that company would guarantee three-cent fares, universal transfers, and to pave along their tracks.³

SUBWAY PLAN—COST OF SYSTEM—After several trips to New York City the Mayor announced that he had interested eastern capital in the building of a subway line in Detroit upon his own terms. The plan as outlined called for a subway with a depot located in the center of the business district, with lines radiating to all parts of the city, coming to the surface a half mile out on the various streets and avenues.⁴ This would relieve the traffic congestion on the downtown streets. The promoters assured the Mayor that such a plan was feasible and that money could be made on a three-cent fare because the financial structure would be far less burdensome than that of the Detroit United Railway. The approximate cost of the system was to be \$4,500,000.⁵

It was rumored that practically \$4,000,000 had been subscribed and that the plan would go to the common council as soon as the financiers had assured themselves that there was nothing to fear from the Detroit United, which some felt might reduce their fares to three cents if the subway became a reality. Others argued that the old company could not possibly operate on a three-cent basis under its financial burden of \$16,000,000 in bonds and \$12,000,000 in

³*The Detroit News*, (March 26, 1906).

⁴*The Detroit News*, (January 26, 1906).

⁵*The Detroit News*, (March 13, 1906).

stock, paying a five per cent dividend. It was insisted that the subway, with bonded indebtedness kept down to \$35,000 per mile as against the \$80,000 indebtedness of the old company, could operate without fear of cut-throat competition in the rapidly growing city of Detroit. This scheme never progressed beyond the point of paper planning, and it ceased to be of interest when the Peoples' Street Railway Company, backed by unknown capitalists, submitted their plan for a new surface system.⁶

THE PEOPLES' RAILWAY COMPANY

THE PLAN—In April, 1906, through Attorney Frank D. Andrus, a corporation asked permission of the city council to construct a surface system upon lines similar to the Codd Subway plan, with the exception that the subway itself was omitted from the scheme. It would provide a loop system and required some two hundred miles of track covering practically the same streets as proposed by the subway syndicate. In addition the proposed ordinance called for a three-cent fare, a life of thirty years, and a vote of the people before the plan could become operative.⁷

MYSTERY SURROUNDING PLAN—FATE OF ORDINANCE—It was felt that Mr. Andrus was not the real instigator of the plan but was merely the catspaw for someone whose chief interest was not to provide the

⁶*The Detroit News*, (March 13, 1906).

⁷*The Detroit News*, (April 11, 1906).

city with a three-cent fare system.⁸ With the experiences of the late nineties still fresh in their memory the committee before whom Mr. Andrus appeared was fearful that the Detroit United might be an interested party to the scheme. To his insistent denial of any connection with the Detroit United, Alderman Grindley retorted, "But I am not satisfied that the D. U. R. will not eventually buy these lines from you. There is nothing to prevent them, and here we would be giving away a lot of valuable privileges for nothing." Alderman Moeller said: "We have had that experience before. We had it when the Detroit United Railway bought the Detroit Railway. It's time we should guard against this thing. I don't want to tell you to your face that you will do this thing, because I may be doing you an injustice. You are only a small toad in the puddle, Mr. Andrus. You know that. Your good intentions would not cut a bit of a figure with the fellows who might put in all the money."⁹ Although the petition of the People's Railway reached the committee on ordinances, there it died, while the attention shifted to the Codd-Hutchins agreement.

THE CODD-HUTCHINS FRANCHISE PROPOSAL

ATTITUDE OF THE PEOPLE—CODD-HUTCHINS NEGOTIATIONS—All were agreed that something must be done in the street railway matter to secure more adequate service. After examining both the Subway

⁸*The Detroit News*, (July 10, 1906).

⁹*The Detroit News*, (July 10, 1906).

plan and the People's Railway proposal the city officials and the public narrowed down their proposed plans of action to the extent that one group was for municipal ownership and another willing to come to some sort of agreement with the D. U. R. whereby extensions could be secured. The sentiment of this latter faction was expressed by Alderman John Harper when he said: "The time has arrived when it is up to the city to make a proposition to the Detroit United, offering an extension of franchises on all lines good until 1924 in return for an eight-for-a-quarter rate of fare and universal transfers—I cannot see why the D. U. R. should not be willing to accept such a blanket franchise"—Referring to the request of the Peoples' Railway he continued. "I will not even consider the granting of a franchise to the promoters now petitioning for one because we can get better results, I believe, from the present system."¹⁰ Mayor Codd felt that this was the best way out of a situation for which no one was particularly responsible—a predicament that afforded no advantage to either the city or to the traction company. On the night of July 31, 1906, there was presented to the common council the "Codd-Hutchins Franchise Proposal."

MAYOR CODD'S LETTER TO COUNCIL—In an effort to set forth his views Mayor Codd sent to the common council along with his proposal the following letter:¹¹

¹⁰*The Detroit News*, (May 24, 1906).

¹¹Common council proceedings (official) July 31, 1906, p. 944.

“To the Honorable the Common Council.

Gentlemen:

I respectfully transmit herewith, for the consideration of your honorable body, and for the purpose of submitting the same to the people of the City of Detroit, an ordinance for the operation of street car lines within the city for a term expiring December 4, 1924, the date of the expiration of the Detroit Railway franchise.

“This ordinance embodies an understanding arrived at with the officers of the Detroit United Railway, after numerous conferences extending over the period of the past year. It is my belief that the greatest benefit to the people can be obtained from some comprehensive system, supplying every needed transportation facility without the multiplication of tracks; that it is of the utmost importance that as low a rate of fare as is possible should be obtained for the people who most need the benefits which will accrue from cheaper transportation. The understanding arrived at, in my judgment, contemplates a lower rate of fare than is enjoyed by the people of any other city, together with universal transfers. This ordinance also provides for all paving between the tracks, thus relieving the city of the enormous burden assumed under the Detroit franchise. In attempting to provide any comprehensive system of street railways for the City of Detroit, a tremendous obstacle has been encountered in the confusion existing in the present franchises. Lines forming component parts

of the same routes are at present operated under franchises expiring at different times, while portions of lines are controlled by ordinances passed by several townships. By this ordinance all this confusion is done away with, and every line in the city of Detroit now built or hereafter to be built, will come under its provisions, the rights therein expiring at one time, December 4, 1924, and giving the city the best opportunity to acquire, if it sees fit, the complete system under the purchase clause therein contained. This ordinance also provides for needed extensions all over the city and obviates the necessity of cumbering the streets with unnecessary tracks. A careful computation will demonstrate that the rate of specific tax provided, viz., two per cent, will produce a larger revenue than is now received under the mixed system of ad valorem and specific taxes.

"I submit this matter for your careful consideration, that the various provisions of this ordinance may be carefully inquired into, and if the same shall meet with your approval, that it will be submitted, in accordance with our promises, to the people of the city of Detroit, who must be the final arbiters of any traction problem of this city.

Respectfully submitted,

GEORGE P. CODD,

Mayor."

The proposal was referred to the committee on franchises. Those sections which were most vital to the voters are here summarized in some detail.

PROPOSAL EXPLAINED¹²

SECTION 2: EXTENSIONS—Section 2 of the Codd-Hutchins Ordinance as presented by Mayor Codd and amended by the council authorized the Detroit United Railway Company “to construct, reconstruct, maintain and operate” track extensions on a large number of different streets and avenues in the city.

SECTION 5: PAVEMENTS—This section provided that the grantee pave and repair all pavement between the tracks to a distance of twelve inches outside the outer rails. This was to be done under the supervision of the department of public works and to be paid for by the company.

SECTION 8: FARES—Section 8 dealt with the rate of fare that the Detroit United Railway would be permitted to charge. There were four important features to this clause: First, the rate to be charged for a single ride was five cents; second, six tickets were to be sold for a quarter; third, workingmen’s tickets were to be sold at the rate of ten tickets for a quarter between the hours of 5:00 and 8:00 A. M. and 4:30 and 6:30 o’clock P. M.; finally, fares purchased under any one of the arrangements were to entitle the passenger to full transfer privileges.

SECTION 10: TAX—The company was to be required to pay the usual tax on its real estate. In addition, “on the last day of January and July each year,—the

¹²*The Detroit News*, (November 5, 1906).

treasurer or manager of said grantee shall make and deliver to the treasurer of the City of Detroit a sworn statement of the amount of the gross earnings from the operation of its cars within the City of Detroit for the period of six (6) months ending with the last days of December and June preceding and shall forthwith pay to the treasurer of the City of Detroit a tax of two (2) per cent thereon—.”

SECTION 14: PURCHASE BY CITY—This section provided that the city might purchase the Detroit United Railway system after December 4, 1924, “at a price which shall be fixed by a board of arbitration.” The board was to be composed of nine members: Three appointed by the street railway company, three appointed by the common council, upon the nomination of the mayor, and three members to be selected by the six already appointed. “In arriving at a fair price, at which said purchase shall be made by the City of Detroit, such board of arbitration shall not take into consideration the value of this franchise or grant, or good will, but shall allow for the property of said grantee—its fair value as a going concern—taking into consideration the cost and natural depreciation.” It was further provided that no sale could be consummated until approved by a vote of the people.

THE CAMPAIGN OF 1906

PARTY ISSUE—The mayoralty campaign of 1906 centered about the Codd-Hutchins proposal, in spite of the Mayor's efforts to keep it a non-partisan affair.

The fact that President Jere C. Hutchins favored the measure seemed to have been the cue for many to oppose it. Mr. Hutchins felt that at least forty per cent of the people would benefit by the ten tickets for twenty-five cents.¹³ At the September primaries W. B. Thompson, city treasurer, was nominated for mayor on the democratic ticket against Mayor Codd on the republican ticket with the ordinance as his platform. Prior to the primaries it was known that Thompson was a bitter enemy of the D. U. R., for upon the presentation of the proposal to the council he said that "The Codd-Hutchins franchise was conceived in politics and born in politics"—"Let us direct our attention," said he, "to the lines upon which franchises are about to expire. The city has something to sell. Let us drive the bargain instead of accepting the terms of the D. U. R."¹⁴

CODD COMMITTEE—Codd met the charge of politics by appointing a non-partisan committee of fifty to seventy-five men to investigate the proposal from all angles. On August 27, the organization was perfected and the sub-committees appointed.¹⁵ A. D. Pickering, employed by the Solvay Process Company, was engaged to examine the Railway Company's books and check the statements of earnings.¹⁶ This precaution on the part of the Mayor did not end the charge of politics or the censures of his measure.

¹³*The Detroit News*, (August 1, 1906).

¹⁴*The Detroit News*, (August 3, 1906).

¹⁵*The Detroit News*, (August 28, 1906).

¹⁶*The Detroit News*, (September 12, 1906).

With the council's acceptance of the proposal, the mayoralty campaign grew in intensity, with Thompson saying, "This is not a fight between democrats and republicans. It is the people on one side and the D. U. R. on the other."¹⁷

OBJECTIONS TO PROPOSAL—Mr. Thompson as champion of the democrats based his opposition on the following: (1) That the Codd-Hutchins proposal was drawn up by the Detroit United Railway,¹⁸ (2) That the granting of the franchise would mean the giving away of rights amounting to \$20,000,000 which the city might sell at a large price,¹⁹ (3) That the D. U. R. was a corrupt corporation, and was spending large sums in advertising to promote the adoption of the plan,²⁰ (4) That better terms could be

¹⁷Typewritten copy of article in *Detroit News*, (September 7, 1906).

¹⁸Typewritten copy of article in *Detroit Tribune*, (August 26, 1906).

"Nobody believes that when the D. U. R. drew up the Codd-Hutchins ordinance it offered the best terms it could give. Not much. It wanted to see what the people would stand. It didn't expect that when some of us cried out against the deal the storm of protest would be so terrific."—

¹⁹Typewritten copy of article in *Detroit News*, (October 5, 1906), statement by Mr. Tarsney: "Why should I regard the passage of this franchise as a great public calamity? Because Detroit would be giving away for absolutely no return whatever something which in the next 18 years would be worth no less than \$20,000,000 and whose value would increase year by year."

²⁰Typewritten copy of article in *Detroit News*, (October 12, 1906), statement by Mr. Thompson: "The D. U. R. is a corrupt corporation and a menace to the community. Many aldermen go into the council with the intention of being honest, only to be tempted from the path of right, and corrupted by this company. Go down to the street railway company's office and see how they make out vouchers to pay for creating sentiment in favor of the Codd-Hutchins ordinance, and then ask yourself if the D. U. R. is handing out money to lose \$700,000 a year."

secured from the D. U. R. than those obtained by Mayor Codd,²¹ (5) That the passage of the Codd ordinance would not settle the street car question.²²

STRAW VOTE—*The Detroit News* conducted a straw vote from day to day which elicited interest. For

²¹Typewritten copy of article in *Detroit News*, (October 10, 1906), statement by Thompson: "If the D. U. R. stockholders in the East thought that they would not get this franchise, they would be glad to give eight tickets for a quarter. But they've got the Mayor and the Aldermen with them." From editorial: "They say it is absolutely impossible for them to give us any better terms than they are offering. That is what they always say. They said they could not pave between the tracks with the same material as that used in the streets; they said they could not put in air brakes; they said they could not pay the tax on freight cars; and they never did any of these things until we went to court and shook it out of them.

"But it was demonstrated 12 years ago, and on the back streets of this city, that they could sell eight tickets for a quarter; can't they do it now on the main streets?"

²²Typewritten copy of article in *Detroit News*, (October 8, 1906). "It is a curious argument that one hears now and then from a shrewd business man, that it will be a good thing to have the street railway dispute settled out of politics. It is curious because the method recommended for extinction is manifestly the only means by which the issue can be perpetuated. Such citizens have but to ask themselves what influence it was that put a set of nominations through in Fairview village and later procured the election of a peculiar set of public officials. They have but to ask what was the main purpose of that influence. It was to secure a franchise on terms which a great part of the people did not approve. That procured government was a perpetual scandal—stench in the public's nostrils. Everything it touched was tainted with suspicion, and when the strong hand which had created and sustained it for a specific purpose was withdrawn the administration was thrown down amid general execration.

"If the citizens who want to get the street railway out of politics, and who would force politicians to appeal to the people on some other issue, are in downright earnest, they must see that a franchise extension would merely prolong the period of the conditions which they deprecate, whereas a stand-pat policy which would let the several franchises follow the course of nature would bring about the desired reform."

example, one vote was taken among the laboring men in the following plants located in different sections of the city:²³ Ford Motor Works, Hugh Armstrong Co., Farrand Organ Co., Pingree Shoe Co., Michigan Stove Co., Michigan Drug Co., Peninsular Stove Co., Buhl Stamping Co., Burroughs Adding Machine Co., The Michigan Malleable Iron Works, and Berry Bros. Varnish Works. The questions presented to the employees, and the total votes cast were published in the *Detroit News* of August 10, as follows:

	For	Against
1. Do you favor the so-called Codd-Hutchins franchise?	103	586
2. Do you favor the Peoples' Railway Plan?	165	413
3. Do you favor waiting for an opportunity to compromise with the D. U. R. at some other time?	373	187
4. Do you favor holding out for Municipal Ownership?	401	145

THE ELECTION—As the November election day approached the fight became more bitter, more personal, more befogged. Both candidates for mayor held mass meetings, while the newspapers devoted more space to the issue. Charges and counter charges were interchanged, and November 7 every effort was made to rush voters to the polls. When the vote was counted it was found that Thompson was elected by a small margin, but the Codd-Hutchins ordinance was rejected by a vote of 14,411 to 39,978.²⁴

²³*The Detroit News*, (August 10, 1906).

²⁴Burton, *City of Detroit*, Vol. 1, p. 395.

CHAPTER XIV

THE COMMITTEE OF FIFTY

THE ORGANIZATION OF THE COMMITTEE OF FIFTY

MAYOR BREITMEYER—When Philip Breitmeyer* became Mayor of Detroit in January, 1909, he was aware that the franchise rights on many miles of track would soon expire. As mayor he hoped to secure for the citizens the most economical and efficient street car service possible. Therefore, he appointed a committee of fifty representative men to investigate the traction situation, report their findings, and formulate a plan of solution.

COMMITTEE OF FIFTY—On January 20, the Committee of Fifty held its first meeting; Officers were chosen and a motion carried for the appointment of an organization committee. F. W. Eddy, of H. D. Edwards & Co., was elected chairman; Frank H. Conant, sales manager of Freeman, Delamater & Co., vice-chairman; and Paul C. Renaud, of the Hotel Belmont, secretary.¹

BREITMEYER'S SPEECH—In welcoming the committee Mayor Breitmeyer said that he had organized

*Philip Breitmeyer succeeded William B. Thompson as Mayor in 1909. William B. Thompson was elected for a second time in 1911.

¹*The Detroit Journal*, (January 21, 1909).

the Committee of Fifty because he felt that the street car question was a business problem and that "the greatest hope of settlement lies in approaching it on a business basis."—"I ask of you but one thing," continued the mayor, "that you approach the question with minds sufficiently open so that your present opinion may be modified or strengthened as the case may be by what is developed during your sessions." He laid down no principle but left fundamentals to be worked out by the committee as a result of their investigations. "We cannot settle the street railway question by saying in advance that this arbitrary price must be charged for fare or that extension must necessarily be made. What Detroit wants and must have is a complete street railway system, adequate service and the least possible rate of fare which will yield an honest return to the operating street railway company upon honest capitalization. Detroit has no money to pay on stock increases or bond issues which cannot be shown to have been honestly necessary in the upbuilding and carrying on of its street railway system. On the other hand I do not believe that Detroit has any desire to refuse honest earnings to the dollar which has been honestly invested."²

COMMITTEE ORGANIZED—Chairman Eddy appointed an organization committee of nine members composed of A. A. Schantz, E. C. Van Husen, Clyde I. Webster, Richard P. Joy, Howard C. Beck, M. J. Murphy, Thomas Newton, William A. McMahon

²*The Detroit Journal*, (January 21, 1909).

and Joseph Schiappacasse. These men organized twelve sub-committees.³

The common council approved the plans of Mayor Breitmeyer and his committee and unanimously voted the request of the mayor for \$5,000⁴ to be put at the disposal of the Committee of Fifty. Offices were opened in the new Ford Building.⁵

THE CITIZENS MUNICIPAL OWNERSHIP COMMITTEE

ORIGIN—There were many who, while not opposed to the Committee of Fifty, felt that because it did not prescribe municipal ownership as the remedy, it could not settle the traction controversy.⁶ Shortly after the mayor's committee was organized, the Detroit Federation of Labor sponsored the organization of a counter-committee known as the Citizens' Municipal Ownership Committee. The purpose of the committee was to consider all phases of municipal ownership and to lay the facts before the mayor, together with their recommendation. If he rejected them they were to appeal directly to the people.

ORGANIZATION—W. D. MAHON—At the first meeting of the Municipal Ownership Committee an organization committee composed of W. D. Mahon, E. J. Jeffries, F. F. Ingram, John McVicar, and G. W. Dickinson was chosen.

³"Facts concerning the so-called Barcroft appraisal," pp. 10-11.

⁴*The Detroit Free Press*, (February 2, 1909).

⁵*The Detroit Free Press*, (January 28, 1909).

⁶*The Detroit News*, (March 13, 1909).

⁷*The Detroit Times*, (February 27, 1909).

In setting forth the purpose of this organization W. D. Mahon, leader of the street railway employees in the United States, said: "This is not a class movement. We must make such an organization as to bring everyone in the city who is in sympathy with municipal ownership into it, and no power will be strong enough to resist. They say that public ownership is not in the interests of the street car men. Would I do anything to injure the interests of that great body of men I have spent my life in organizing? In foreign countries the wages of the workers on the cars have been raised and their hours of labor reduced under public ownership. Public utilities pay lower salaries and higher wages than private ones." Although Mr. Mahon was a member of Breitmeyer's committee he spoke of that organization sarcastically, as he continued. "The Municipal Ownership Committee on which I was placed has had two meetings at one of which there was a quorum and I found it could do just as much without a quorum as with one. I do not know what the Committee of Fifty will recommend, for I am not in touch with its workings, but I am sure that it will never recommend municipal ownership."⁸

PREPARATION FOR THE D. U. R. APPRAISALS

TWO APPRAISALS PLANNED—The greatest task confronting the Committee of Fifty was to secure an accurate appraisal of the physical property and franchise values of the Detroit United Lines. On Febru-

⁸*The Detroit Times*, (February 27, 1909).

ary 22, 1909, Frederick T. Barcroft, consulting engineer, was engaged to appraise the system. While the cost of the work was not set, it was agreed that it would amount to between \$3,500 and \$4,500. The Committee of Fifty also engaged W. D. Gridley, formerly city accountant under Mayor Codd, to make a survey of the company books "to determine the cost of service, the average cost per passenger, the cost of paving, the earnings of the three-cent lines, the whereabouts of the millions of dollars raised by the D. U. R. and not divided in the shape of dividends to stockholders, and the dozen other important matters which Detroit people have been aching to find out."⁹ This investigation was to be directed by Professor H. C. Adams of the University of Michigan and to cost from \$750 to \$800.¹⁰

D. U. R. APPRAISAL—While the Committee of Fifty was arranging for the appraisal, the D. U. R. engaged Robert B. Rifenberick to go over the books and documents to which Barcroft had access and make an independent appraisal, to be completed by the time that Breitmeyer's committee was ready to submit their report.¹¹ Although the engineers started on their tasks immediately it was not until late in the fall that final reports were completed.

THE BARCROFT APPRAISAL—Mr. Barcroft presented his report to the council committees on ways

⁹*The Detroit News*, (February 23, 1909).

¹⁰*The Detroit Free Press*, (August 20, 1909).

¹¹*The Detroit Journal*, (November 5, 1909).

and means and franchise early in November. The presentation of the summaries arrived at consumed four hours. The report was divided into eleven sections: (1) Real estate, (2) Buildings, (3) Power Plants, including buildings, (4) Battery stations, (5) Power distribution, (6) Track, (7) Rolling stock, (8) Mechanical department, (9) Tools, materials, supplies, furniture, etc., (10) Overhead charges, (11) Paving.

GRAND SUMMARY—The general summary was prefaced by a statement as to general equipment to the effect: (1) That the track mileage amounted to 179.41 miles; (2) That the company owned and operated 998 revenue cars; (3) That the number of buildings owned by the company was 81; and (4) That their real estate embraced 68.23 acres. The grand totals follow:¹²

1. Real estate.....	\$ 513,547.55
2. Buildings, except power houses and battery stations.....	578,763.00
3. Power plants, including buildings.....	1,219,050.88
4. Battery stations, including buildings...	200,487.69
5. Power distribution, including overhead feed wires and telephone system.....	1,088,062.96
6. Track.....	2,599,222.49
7. Rolling stock, including equipment....	2,861,403.09
8. Shops.....	308,719.06
9. Tools, materials, supplies, furniture, etc.	728,158.14
10. Overhead charges.....	1,024,310.00
\$11,121,724.86	

¹²Barcroft Appraisal, p. 5.

RIFENBERICK'S APPRAISAL OF THE D. U. R.

THE APPRAISAL—The Rifenberick report was completed about the time that the Barcroft report appeared. The summary of the Rifenberick appraisal is here given that it may be compared with the Barcroft totals and the wide variation noted.

THE RIFENBERICK APPRAISAL SUMMARY¹³

Car barns and waiting rooms.....	\$ 213,184.11
Land.....	993,294.38
Power stations.....	2,432,674.88
Rolling stock.....	5,129,954.02
Car shops.....	342,519.29
Buildings.....	1,533,775.74
Tracks, including paving, foundations and special work.....	10,940,842.80
Electric lines.....	1,627,352.26
Supplies and stock on hand.....	1,192,861.07
Miscellaneous.....	301,916.65
	\$24,708,375.40

BROOKS COMMENTS—In referring to the appraisal value of \$24,700,000 General Manager F. W. Brooks said:

‘We do not figure in this the actual condition of the lines. We have figures to show this but this particular report is based on what it would cost to reproduce the system as a going concern.

‘Our engineers have had wide experience and daily contact with the business of building and operating street railways. They have given deep study to the

¹³*The Detroit Times*, (November 5, 1909).

whole question of values. They were given exactly the same data as the Committee of Fifty engineers. Of course we have no knowledge of what the Committee of Fifty engineers have found, but if they resemble the published figures we assume the Fifty will permit us to know what the figures are and how they happen to be so widely at variance with what we know."¹⁴

With experts on the job it appeared to many that such a difference in appraisal results could not be possible. People began to compare the figures in an effort to come to some conclusion. As a consequence there was much criticism of Mr. Barcroft and his efforts to secure an appraisal of the Detroit United Railway lines.

CRITICISM OF THE BARCROFT APPRAISAL

BROOKS, CRITICISM—Criticism of the Barcroft appraisal came not only from the Detroit United Company, but from the Committee of Fifty itself and in at least one case from a disinterested engineer of prominence. Shortly after the first Barcroft figures were known, General Manager Brooks of the D. U. R. and Frederick Barcroft clashed in the lobby of the Pontchartrain Hotel. Upon seeing Barcroft enter, so the story goes, Mr. Brooks, who was a nervous man, accosted him with:

"You're the-- -- appraiser who says the D. U. R. is worth only \$12,500,000 and now it is \$10,500,000. You're a -- -- of an appraiser. I'll shoot holes in

¹⁴*The Detroit Times*, (November 5, 1909)

your appraisal." Mayor Breitmeyer happened to be in the hotel at the time, took a hand, and prevented what might possibly have been physical combat. Mr. Barcroft did not remain to argue the matter, but as *The Detroit News* stated "made a dignified retreat."¹⁵

EDDY'S CRITICISM—While it would be but natural for an official of the traction company to oppose seriously an appraisal figure so at variance with its own, it carried more weight when Frank W. Eddy, chairman of the Committee of Fifty, criticized Mr. Barcroft's refusal to stand by his appraisal. Eddy said, "The public can judge for itself the motives of a man who disregards a pledge of that kind, who not only leaves in the lurch the very men who appointed him and paid him, but who goes out of his way to injure the very cause for which he was employed, on the success of which these men have set their hearts. To me it is obvious that he is opposed to a fair settlement of the street car question, and that he is in league with others to prevent it

"The Committee of Fifty has been blamed month after month for delaying its report, and now I think it is due to us to place the blame squarely where it belongs, and that is upon the appraisal

"If Mr. Barcroft does not feel capable of backing up his report, all right. He has displayed so much animus and prejudice that I am inclined to believe he would not be of value as a witness in any event."¹⁶

¹⁵*The Detroit News*, (November 6, 1909).

¹⁶Copy from *Detroit Free Press*, (April 23, 1910), in "Facts concerning the Barcroft Appraisal," p. 12.

CRITICISM BY RIFENBERICK—Robert Rifenberick also condemned Barcroft in a booklet entitled “A Statement of ‘Facts’ concerning the so-called ‘Barcroft Appraisal’ of the Detroit United Railway Lines in the City of Detroit.” In that fifty-one page criticism Mr. Rifenberick made five specific charges against Barcroft:

1. That Barcroft was guilty of misrepresentation (a) in stating his experience in construction work and (b) in stating that he was in close touch with experienced engineers who would assist him in his work.
2. That Barcroft “was guilty of deceit and unprofessional conduct in submitting to the public and receiving pay from the city, as his own report, for a report which is in reality a garbled abridgement of the work furnished him by the Detroit United Railway”
3. That Barcroft was guilty of disloyalty to those who employed him by refusing to appear in defence of his work.
4. He charged Barcroft with deceit in distributing to expert engineers and receiving praise for a work which was not his own.
5. “That the charges made by Mr. Barcroft to the effect that the Detroit United Railway was withholding information from him, and that this work is the result of his efforts in spite of this interference, are untrue, but that the real facts

are that Mr. Barcroft was only enabled to make and publish this so-called appraisal from the inventory and prices furnished him by the company."¹⁷

RIGGS' CRITICISM—When an engineer of ability and integrity who in no way was connected with the D. U. R. presented a seventy-six page analysis and criticism of the Barcroft appraisal, it was worthy of consideration. Henry E. Riggs, a practical engineer, was that man. He reviewed the work in an effort to establish the following points: (1) Fairness of spirit, (2) Completeness, (3) Definiteness, (4) Thoroughness in manner of determining depreciation, (5) Thoroughness of inspection, (6) Accuracy, (7) Consistency.¹⁸

As to fairness of spirit the author stated that the Barcroft appraisal abounded in "carping criticisms" that were quite out of place and certainly out of taste in an appraisal which should be dignified. Further, Professor Riggs accused the appraiser of permitting personal feeling to enter into the work. He claimed that in many details the appraisal was incomplete and indefinite. In discussing the thoroughness of the appraisal he said evidence showed conclusively that certain parts of the report were merely a partial copy of records which must have been more complete. He likewise attacked the method of determining depreciation, questioned the accuracy, and pointed out many evidences of duplication. In conclusion his report pointed out numerous inconsistencies in Bar-

¹⁷"Facts concerning the so-called Barcroft Appraisal," p. 5.

¹⁸Riggs, *The Barcroft Appraisal*, pp. 55-56.

croft's completed work.¹⁹ In conclusion Mr. Riggs said:

"We conclude that the work was done in such manner as to preclude its review and we consider it useless for the purpose for which it was made."²⁰

While much was expected of the Committee of Fifty, it appeared that in the face of all the objections to Barcroft and his work that little would ever be accomplished. However, at the earliest possible moment the committee made its report to the common council based upon the investigations of its various sub-committees and the work of Mr. Barcroft.

THE REPORT OF THE COMMITTEE OF FIFTY

On December 6, after ten months of investigation the sub-committees made their report to their parent Committee of Fifty. A word as to the conclusion of several of the sub-committees is of interest.

ADAMS' REPORT—Professor Henry C. Adams of the University of Michigan, reported on the value of the unexpired franchises. The confidence placed in his findings is attested by the following extract from an editorial:²¹ "The appraisal of the value of the unexpired franchises has been done by Professor Henry C. Adams of the University of Michigan, an international authority upon finance and a man in whom all classes must inevitably repose the greatest confi-

¹⁹Riggs, *The Barcroft Appraisal*, pp. 56-71.

²⁰Riggs, *The Barcroft Appraisal*, p. 76.

²¹*The Detroit Journal*, (December 7, 1909).

dence." Professor Adams estimated the value of the unexpired franchises at \$2,810,615.24.²²

REPORT OF SUB-COMMITTEE ON SCHEDULES—The report of the sub-committee on schedules made the following recommendations:²³

1. That an extension of the workingmen's ticket hours fifteen minutes additional both in the evening and morning be granted.
2. That a lower average speed for all cars be established.
3. That the schedule for working people be improved.
4. That improved service on the Fort Street West line be sought.
5. That a single fare on Jefferson Avenue to the city limits be put in force.

REPORT OF SUB-COMMITTEE ON COST OF SERVICE—This committee made its reckonings on the car mile as a basis, that is, the cost of carrying passengers on the basis of the number of miles actually traveled by the average passenger. The figures show that the average cost of carrying a passenger was 3.4058, or a rate that was a little lower than a seven for a quarter schedule

²²*The Detroit Free Press*, (December 7, 1909).

"Professor H. C. Adams arrived at the present values of the unexpired franchises by computing the net earnings on a basis of car mileage, as he was unable to get from the Barcroft appraisal of the physical property a sufficiently detailed statement of the property by lines and routes to compute the values on that basis."

²³*The Detroit Journal*, (December 7, 1909).

but a trifle higher than an eight for a quarter fare. That rate allowed the company a six per cent profit on the investment.²⁴

REPORT OF SUB-COMMITTEE ON MUNICIPAL OWNERSHIP—The report of the sub-committee on municipal ownership was a divided one. The majority report was opposed to any attempt to establish municipal ownership of street railways at that time, saying in part, "Municipal undertaking in the United States is at present confined to the utilities of water, gas and electric light. These undertakings differ from the undertaking of street railway transportation in two particulars; amount of capital invested and number of employees required. The subways of New York and Boston are the leading instances of municipal ownership and private operation in the United States; with the exception of Monroe, Louisiana, the United States has no municipally owned and operated street railways."²⁵

The minority report, filed by W. D. Mahon, favored the immediate establishment of municipal ownership of the street railways on the following grounds:

1. Because it would be financially practicable.
2. Because it could be made economically possible.
3. Because it was morally right.
4. Because it was the best as well as the most feasible plan.²⁶

²⁴*The Detroit Free Press*, (December 7, 1909).

²⁵*The Detroit News*, (December 7, 1909).

²⁶*The Detroit News Tribune*, (December 5, 1909).

With the reports completed, the task remained of drawing up an all-inclusive plan for the settlement of the railway problem acceptable both to the city and the D. U. R. This the Committee of Fifty and the common council found to be an insurmountable task.

THE DAY-TO-DAY RENTAL AGREEMENT

HALLY RESOLUTION—While the city was endeavoring to arrange a final agreement with the company another matter requiring immediate attention arose. Attorney Hally found that on November 14, 1909, the franchise on sixty-six miles of track would expire.²⁷ He drew up a resolution stating that on the above-mentioned date the franchises would expire in whole or in part on: Michigan Avenue, Cass Avenue and Third Street, Trumbull Avenue, Atwater Street, Woodward Avenue, Brush and Russell Streets, Chene Street, Jefferson Avenue, Gratiot Avenue, Mack Avenue, and Dix Avenue; and providing that in return for the privilege of running the cars over these streets the Detroit United Railway would be required to pay to the city \$109,000 a year or approximately \$3,000 a day.²⁸ On October 26, Alderman Heineman presented the resolution to the common council, and within one minute it had passed that body unanimously.²⁹

HEINEMAN'S COMMENT—BREITMEYER SIGNS MEASURE—For once there was unanimity of opinion con-

²⁷*The Detroit News*, (October 2, 1909).

²⁸*The Detroit News*, (October 2, 1909).

²⁹*The Detroit Journal*, (October 27, 1909).

cerning street car matters. There was, however, a question as to the validity of the measure. Alderman Heineman said: "If the city has no control of the streets we might as well change the name from Detroit to D. U. R.-ville or some other equally appropriate. I do not think there can be the slightest question as to the city's right to charge the railway company for the use of the streets and the rental that has been fixed is eminently fair and reasonable."³⁰

Mayor Breitmeyer entertained misgivings as to the justice of the measure, and hesitated to affix his signature. After deliberation, however, he did sign it, commenting: "I have signed the Hally resolution; I think, however, that \$109,000 a year is too high a rental to charge the road. The D. U. R. has been paying \$42,000 per year, and I think to have charged them that amount would have been much more diplomatic at this time in view of the pending submission of the street car matter to the people."³¹

HUTCHINS ACCEPTS—In a communication President Hutchins accepted the Hally ordinance. He, however, stated that the company waived none of its rights and likewise conceded that the city waived no rights, and further made it clear that the company did not agree that the franchises named in the resolution had expired. He concluded by saying that the company agreed to pay the rental only because it desired to avoid litigation or inconvenience to the public through suspension of service pending the

³⁰*The Detroit Times*, (October 27, 1909).

³¹*The Detroit News*, (October 28, 1909).

settlement between the company and the city.³² With the rental problem amicably adjusted the council turned its attention to the Committee of Fifty.

THE PLAN OF SETTLEMENT PROPOSED BY THE COMMITTEE
OF FIFTY

PLAN PRESENTED—By March 1910, the Committee of Fifty had completed its study of the facts presented by the sub-committees. On March 12, Attorney Clyde I. Webster and his special committee presented to the executive committee of the Committee of Fifty a plan of settlement which was unanimously accepted.

PROVISIONS OF WEBSTER'S PLAN—This appeared to cover all contingencies that might arise. The main provisions as set forth by Mr. Webster were:³³

1. A non-salaried commission of five was to be created with dictatorial powers of supervision over street railway matters.
2. A board of arbitration was provided for, to settle any differences that should arise between the street railway and the commission, or between the railway company and the council.
3. All cars were to be of modern type with double truck.
4. By accepting the ordinance the company would waive all rights to the streets after December 4, 1924.

³²*The Detroit Journal*, (November 13, 1909).

³³*The Detroit Free Press*, (March 13, 1910).

5. The company property would be taxed on an ad valorem basis.
6. The rate of fare on the then existing three cent lines was never to be higher than the franchise of the company provided.
7. The rate of fare was to be on a sliding scale in order that the company could make six per cent on its investment. For a period of eight months the rate of fare was to be eight tickets for a quarter. If at the end of that period it appeared that the six per cent return was not received, the rate of fare was to be increased, but if there was a greater return than six per cent the fare was to be lowered. "The period of adjustment in each case during the life of the grant shall be eight months, and the raising or lowering of the rate shall be automatic in its operation." But the plan provided that the minimum rate of fare could never be less than ten tickets for a quarter twenty-four hours a day, with universal transfers, while the maximum rate could be no more than six tickets for a quarter.
8. It was provided that upon two years' notice the city might purchase the street railway system.

Reference to the physical valuation was purposely omitted, since the committee felt that as a fight was expected upon that particular matter it would not be wise for it or the council to commit itself to any definite figures.

REPUDIATE BARCROFT APPRAISAL — Unable to secure the cooperation of Mr. Barcroft and feeling that nothing would be gained by adhering to the appraisal made by their sub-committee, the Committee of Fifty, by a vote of 28 to 5, on March 19, repudiated the appraisal made by Mr. Barcroft. Immediately the Rev. Lee McCollester moved the following resolution which was adopted.³⁴

McCOLLESTER RESOLUTION—"Resolved, for the purpose of adjusting the difference between the report made by the appraisal committee of the Committee of Fifty and the total of valuation claimed by the Detroit United Railway, the matter be referred to a board of arbitration consisting of three members, one to be named by the chairman of the Committee of Fifty, one by the D. U. R., and a third agreed upon by these two first named arbitrators.

"Resolved, Further, that the secretary of this Committee of Fifty be instructed to transmit the valuation as fixed by the board of arbitration to the common council to be inserted in the ordinance as prepared by the Committee of Fifty."

ARBITRATION COMMITTEE—In accordance with the McCollester resolution an arbitration committee was picked in April consisting of Judge James O. Murfin of Detroit to represent the city; former State-Supreme Justice Claudius B. Grant for the Detroit United Railway; and Judge R. W. Taylor of Cleve-

³⁴*The Detroit News*, (March 20, 1910).

land as the third arbitrator.³⁵ It was thought that by this method some satisfactory valuation could be agreed upon by compromise. Mr. Barcroft, however, refused to appear before the arbitration committee in defence of his appraisal upon which the city would have to stand in the proceedings. In his letter refusing to appear Barcroft said:³⁶

1. That the company is not willing to play fair.
2. That fifteen of the cars listed for appraisal in Detroit were found on the streets of Flint.
3. That arbitration is fruitless, and gets nowhere. It is simply an opportunity for the company to file a set of outside opinions.
4. That arbitration is impossible where neither side has definite convictions on the matter.
5. That the board of arbitration does not possess the power to subpoena witnesses or compel the production of papers.
6. That the Committee of Fifty seems not to desire the appraisal lowered.
7. That the controversy is not the result of the city's desire, but "absolutely and wholly due to the untruthful and misleading statements of the company."
8. That the Committee of Fifty, lacking both the funds and the incentive possessed by the company, is unable to cope with the situation. It is an unofficial body.

³⁵*The Detroit Journal*, (April 13, 1910).

³⁶*The Detroit News*, (April 22, 1910).

9. That there is needed a strong official body responsible to the city and possessing police power.

WALKER RETAINED—Upon receiving Barcroft's refusal to appear, the judges declared that their findings would prove valueless "unless brought about by such means as would inspire the confidence of the public." They refused to act as a court unless they were assured that someone would be present to back the appraisal figures.³⁷ However, after difficulty, Mr. Webster secured the services of Frederick W. Walker, an engineer from Milwaukee.³⁸ It was hoped that through him something would be accomplished, but early in June those hopes were blasted by an announcement made by the Committee of Fifty.

COMMITTEE OF FIFTY RESIGNS—On the night of June 6, the Committee of Fifty decided to request the mayor and common council to relieve it of conducting a hearing of the D. U. R. valuation case. The committee, while disavowing any attempt to shirk their duty, said that as things stood they would be unable to reach a settlement with the company. The report placed the full blame on Frederick Barcroft, claiming that his conduct was "unfortunate, deplorable, and to our minds wholly inexcusable." The committee report then stated that three methods of settlement appealed to them as possible, and

³⁷*The Detroit Times*, (April 25, 1910).

³⁸*The Detroit Free Press*, (May 12, 1910).

asked that the council take steps to put into operation the plan that appeared to them most feasible. The first was for the city to continue the proceedings before the court of arbitration, putting Mr. Barcroft in full charge for the city; the second provided that the mayor and council make arrangements for a new appraisal; the third, that a valuation board of three be appointed with power to call in experts, the expense to be shared equally by the city and the railway company.

The report was signed by Clyde I. Webster and Frederick W. Walker.³⁹

³⁹*The Detroit Free Press*, (June 7, 1910).

CHAPTER XV

THE THOMPSON-HALLY ORDINANCE OF 1911

NEGOTIATIONS BETWEEN THE CITY AND THE D. U. R.

NEGOTIATIONS OPENED—On the origin of the negotiations leading to the Thompson-Hally ordinance, a story runs that in the spring of 1911 Alderman Garvey introduced a resolution in the council to repeal the Detroit Railway ordinance. Attorney John C. Donnelly, representing the Detroit United Railway called upon Judge William E. Connolly and urged that the resolution be not forced through the council but rather be used as the basis for a settlement of the whole street railway problem. The Judge sought out Mayor Thompson and Corporation Counsel Hally, who agreed to enter into a series of conferences, with the D. U. R. officials.¹ Mayor Thompson, however, gave a different version of the affair.² He said that on the fourth of April, 1911, the city and the Detroit United Railway Company came to an agreement as to improvements to be made on the "Mack, Chene, Brush and Hamilton Boulevard line." That agreement suggested the idea to the Mayor that a general agreement might be negotiated

¹*The Detroit Free Press*, (October 22, 1911).

²*The Detroit Free Press*, (December 20, 1911).

with the company. Next day he wrote to President Jere C. Hutchins on the matter and received a favorable reply, in which Mr. Hutchins suggested a conference for April 10, which was the first of a series of meetings extending over several months.

CONFERENCES—Since Mayor Thompson was eager to reach an amicable settlement, he called in A. B. duPont of Cleveland as an expert advisor. Mr. duPont, whose appointment was gratifying to the D. U. R., had been general manager of the Citizens' Company for several years prior to associating himself with Mayor Tom L. Johnson of Cleveland. In an effort to be fair the mayor called into conference men of different vocations, including Wm. A. McRae, president of the Board of Commerce, Leland Smith, president of the Detroit Federation of Labor, Charles Mackay and John Fraser, president and business agent respectively of the street railway employees' association, and John McVicar and John Naylor of the Municipal Ownership League. After obtaining free expressions from these men, Mr. Thompson carried the suggestions to the D. U. R. conferences for consideration.³

DISPUTED QUESTIONS—Mayor Thompson made it clear to President Hutchins that no plan of settlement would be entertained that did not have municipal ownership as the ultimate goal. This idea eventually crystalized into an option to sell. In return for the option Mr. Hutchins demanded that the com-

³*The Detroit Free Press*, (October 22, 1911).

pany either be relieved from all taxes or the payment to the company, by the city, of \$150,000 during the life of the option. This the mayor successfully opposed. Another bone of contention was the suggestion of Mr. Hutchins that an immediate appraisal be secured. The mayor insisted that there would be time enough for an appraisal after the city agreed to the purchase of the system. In addition there was disagreement over fares. Mr. Hutchins presented several schedules based on seven tickets for a quarter, all of which Mr. Thompson refused to consider, demanding eight tickets for a quarter and contending that a three cent fare was the only one the people would accept, for it was felt that even at so low a rate the company would derive ample profit. Mr. Hutchins finally agreed to the arrangement.⁴ On October 21, 1911, President Hutchins signed an agreement which was not to become operative unless ratified by a vote of the people. That agreement was known as the Thompson-Hally Ordinance.⁵

PROVISIONS OF THE THOMPSON—HALLY ORDINANCE⁶

While the Thompson-Hally Ordinance was primarily an effort to secure three-cent fares, there were other provisions of significance. A summary of the more important sections follows as paraphrased by Attorney Hally.

⁴*The Detroit Free Press*, (October 22, 1911).

⁵*The Detroit Free Press*, (October 22, 1911).

⁶*The Detroit Free Press*, (January 16, 1912). The analysis of the sections is given exactly as paraphrased by Attorney Hally.

SUBJECT TO DETROIT RAILWAY ORDINANCE

"Sections 1 and 2—The provisions of the Detroit Railway Ordinance approved December 4, 1894, and of this new Ordinance, apply to every line in the city.

"Section 3—Every franchise right within the city limits shall terminate at midnight on December 4, 1924.

FARES

"Section 4—Fares: eight tickets for twenty-five cents from 5 A. M. to 8 P. M.; five cents, or six for a quarter between 8 P. M. and 5 A. M.; universal transfers.

"Section 6—Fare on interurban cars shall be five cents, with universal transfers. An interurban car is one that runs for more than five miles beyond the city limits; all such cars shall be plainly marked.

CITY TO REGULATE POWER TO PURCHASE

"Section 7—The city shall lay and maintain pavements and foundations, as provided in the ordinance of 1894, or may require the railways to do the work at actual cost of labor and material plus ten per cent for use of tools and equipment. The bills shall be audited by the city. If the city does not do the work, or require the railway to do so, and the necessity for it is admitted by the department of public works, the railway may do it and the city shall audit and pay the bills in the usual way.

“Section 10—The city shall have the power to buy the railway after six months’ notice, the company agreeing to give a good marketable title. If the city and company cannot agree on the price, it and the manner of payment shall be decided by a board of appraisal, two members of which are to be named by the city, two by the company, and the fifth by these four; or if they are unable to agree, by the Wayne County circuit judges.

“Section 11—Manner of appraisal, payment, etc. Everything shall be valued at its worth on the day the purchase price is fixed. No value shall be allowed for any franchise right created by this ordinance. All valid franchises granted before this time and still existing shall be valued from the date of sale to date of expiration, except that none is to be valued for a greater time than December 4, 1924. Land, buildings and other property shall be priced at its fair value for street railway purposes.

FOUR WAYS TO PAY

“Four ways in which the city may pay are named. (1) Cash; (2) part cash, and assuming a mortgage for the balance; (3) assuming payment of a mortgage equal to the purchase price; (4) assuming a blanket mortgage so much as will equal the purchase price, the company giving security to the satisfaction of the board of appraisal to protect the city against that portion of the blanket mortgage which the city does not assume. Until

approved by the people it is not binding. If the company refuses to appoint appraisers, the circuit court judges shall act as the board. After tender of title by the company, the city has six months in which to make payment.

“The company shall file a bond of \$1,000,000 which will be forfeited if it does not give possession to the city and protect the city on any blanket mortgage. Five thousand dollars is to be paid by the company for every day that the city is prevented from taking possession after the value has been fixed and demand for possession made.

“Section 12—The city shall always have a right to buy on six months’ notice no matter how many times it shall have asked it.

CITY TO DO PAVING

“Section 14 —The pavements and foundations are to be constructed and maintained by the city. In the event of the city’s purchasing the property, the company is to be reimbursed for the investment made in pavement it has already laid.

“Section 15 and 16—Provide for the means of valuing these investments now, so that any further work on the city’s part will not, in the event of purchase, be intermingled with the work heretofore done by the company.

“Section 17—Under the Detroit Railway Ordinance any extensions made in paved streets are to be made wholly at the expense of the company. If the extensions are made in the unpaved streets the

city is to lay the foundation. These provisions remain unchanged, and this section provides that in the event of purchase the city may take those investments over at cost.

"Section 18—Provides for curves, loops and switches.

INTERURBAN CARS

"Section 19—Provides for the interurban cars entering the city until December 4, 1924, if in the meantime the city should purchase. The passenger cars on reaching the city limits will be manned by city crews. The fares inside the city will be collected by these city officers and the company will be paid $2\frac{1}{2}$ cents per car mile for the use of its car. The company will conduct the express business and pay the city fifteen cents per car mile for the use of the city's tracks.

GRADE SEPARATIONS AT COST—EXTENSIONS

"Section 20—In event of the city's buying the property any grade separation work done by the company is to be paid for at cost.

"Section 23—Requires the company in 1912 to complete the additions agreed upon in the spring of 1911, and to build a north and south line in the west part of the city and a line across the city in the neighborhood of Bagg Street, and to extend the Kercheval Avenue line easterly to the St. Jean road and connect it with Jefferson Avenue line. Thereafter, that is, after 1912, the company is to build on demand of the city an average of five per cent per annum of the existing street car system.

THE CAMPAIGN IN FAVOR OF THE THOMPSON-HALLY PLAN

MAYOR THOMPSON—In the campaign leading to the vote on the Thompson-Hally ordinance, politics and personalities played such an important part that the real issues of the fight were to a great extent befogged. Mayor Thompson sought to keep the following important points continually before the people:⁷

1. Three cent fares.
2. Universal transfers.
3. Track extensions and new lines insuring better service.
4. Municipal ownership on six months' notice should the people desire it.

To further allay suspicions he stated that while he personally favored the plan and would gladly answer any questions regarding it, he would in no way attempt to urge its adoption but be satisfied with whatever decision the people would render on election day.⁸

FREE PRESS EDITORIAL—Early in the fight the editorial columns of the *Free Press* urged the focusing of attention on the major issues of the campaign stating that for twenty years the people had listened to demagogues, "And for twenty years the people have not got a new mile of track out of the agitation and litigation which have thus been provoked, and have continued to pay a straight five-cent fare

⁷*The Detroit Journal*, (January 5, 1912).

⁸*The Detroit Free Press*, (November 28, 1911).

instead of the six for a quarter fares they enjoyed" before the agitation began. "It is now possible" the editorial continued, by the mayor's plan "that we shall immediately secure eight for a quarter tickets with universal transfers all day long, so that all classes may avail themselves of these cheap rates If the people choose to vote for this enormous improvement in the street car service they can have it almost at once. If they choose to vote against it, they will go on possibly another twenty years with the same inadequate service and the same high rate of fare."⁹

BOARD OF COMMERCE BACKS ORDINANCE—BASIC ARGUMENTS—The chief support for the Thompson-Hally ordinance came from the business men of the city, and the campaign in its behalf was sponsored by the Board of Commerce. To conduct the work efficiently the various lines of business represented on the board chose committees. Three important committees named were: The manufacturers' committee, the wholesaler's and retailer's committee and the real estate committee.¹⁰

The proponents of the Thompson-Hally ordinance urged the adoption of the plan on the grounds that it would (1) save money; (2) that it would result in better street car service; and (3) that it would give municipal ownership.

1. SAVE THE PEOPLE MONEY—It was strongly argued that the people in general would profit by a

⁹*The Detroit Free Press*, (November 28, 1911).

¹⁰*The Detroit Journal*, (January 5, 1912).

three-cent fare, for the saving per year would be somewhere between \$1,300,000 and \$1,625,000 and the total saving would be over \$21,000,000 by 1924 provided the population did not increase. But should the population grow at the conservative figure of ten per cent a year, the aggregate saving by 1924 would be \$24,579,000.¹¹

The parents were appealed to through the argument that the adoption of the Thompson-Hally ordinance would mean a saving of car-fare to the high school pupils.¹² It was estimated that the Central High School pupils would save some \$5,155 annually,¹³ while those of the Eastern High School would save about \$2,000. Principal Benjamin Comfort, of the Cass Technical High figured the daily saving at his school would be \$35.00.¹⁴ Principal W. A. Morse of Western High stated: "It is the best thing we can get for the city,"¹⁵ and Assistant-Principal Edwin L. Miller of Central High said, "I believe the measure a good one, that it provides as good a settlement as we are likely to get, and that it should be passed."¹⁶

The small home-owner and the one purchasing property on the partial payment plan was urged to vote for the measure because it would prove a saving. It was said that the property owner would save in

¹¹*The Detroit Free Press*, (October 23, 1911).

¹²*The Detroit Free Press*, (January 7, 1912).

¹³*The Detroit Free Press*, (January 7, 1912).

¹⁴*The Detroit Journal*, (January 9, 1912).

¹⁵*The Detroit Free Press*, (January 7, 1912).

¹⁶*The Detroit Free Press*, (January 7, 1912).

fares six times as much as he might be called upon to pay in additional taxes. "Thousands of people," said the appeal, "have bought property for which they are gradually paying, or have already occupied it, and are also paying for the home erected thereon. To them the great saving in fares means much, for they can easily figure that even allowing for taxes going up \$1.00 they are going to save \$20.00 to \$50.00 a year on fares."¹⁷

2. IMPROVED SERVICE--The second line of argument advanced by Board of Commerce speakers was that its passage would result in improved service. It was pointed out that as the company would be required to make annual extensions equivalent to five per cent of its entire line that the trackage would be doubled in thirteen years.¹⁸ The voters attention was then directed to section 23 in which specific extensions were called for in 1912, including the construction of a "north and south line in the western part of the city and a line between Bagg and High Streets, which shall, in connecting with existing tracks, connect the Mack Avenue and Myrtle Street lines, and extend the Kercheval Avenue line easterly to St. Jean Avenue, thence southerly to Jefferson Avenue."¹⁹

3. BEST METHOD OF SECURING MUNICIPAL OWNERSHIP--It was strongly urged that the Thompson-Hally ordinance would open the way to immediate

¹⁷*The Detroit Free Press*, (January 7, 1912).

¹⁸*The Detroit Journal*, (January 11, 1912).

¹⁹Street Railway Ordinance 1911, p. 17.

municipal ownership. It was insisted that should the city attempt to secure municipal ownership through condemnation and litigation, that many years would pass before success could be obtained. "The Thompson-Hally ordinance", said Judge Hally, "precludes any opposition on the part of the company, because it is a contract in which the company agrees to relinquish any franchise claims that it may have or pretend to have in the year 1924 and to sell its property to the city on six months' notice at any time and to deliver within one year a valid title."²⁰

It was pointed out that without the passage of the ordinance the city could acquire municipal ownership only by agreement with the company, or by condemnation, while if the ordinance was passed a third and better method was open. The price could be set by a board of disinterested appraisers, which had then to be approved by three-fifths of the people, and the company would have no voice in the decision.²¹

The champions of the plan waged a hard fight, speaking in stores, factories, and school houses. They met the opposition with the charge of politics; also with the charge that the opposition sought to deny the city three-cent fares because thereby Mayor Thompson would gain glory, and so become "formidable to his political opponents . . . " "Politics," said the proponents of the ordinance, "takes no account of the

²⁰*The Detroit Journal*, (January 15, 1912).

²¹*The Detroit Journal*, (January 19, 1912).

public interest. It considers only the interests of the politician.”²²

OPPOSITION TO THE THOMPSON-HALLY ORDINANCE

SOURCE OF OPPOSITION—The opposition chose to call the plan the “Thompson-Hutchins Franchise”. The opposition centered mainly in the Municipal Ownership League and the Detroit Federation of Labor. On January 3, 1912, the Municipal Ownership League appointed an organization committee composed of F. F. Ingram, John McVicar and Thomas L. Dalton. Plans were completed for ward organizations and the sending out of representatives to social and labor organizations to speak on municipal ownership.²³

On the same evening the Detroit Federation of Labor endorsed municipal ownership and in a resolution denounced the Thompson-Hally plan. They branded it as a franchise grab, asserted that the municipal ownership clause was a joke, and called upon all labor, whether organized or not to vote against the measure to be submitted on January 23. President Leland appointed a corps of speakers to visit the local unions.²⁴ Every effort was put forth by both the League and Federation to make the fight successful.

OPPOSITION ARGUMENTS — TAX INCREASE — The arguments against the Thompson-Hally plan were:

²²*The Detroit Journal*, (January 5, 1912).

²³*The Detroit News*, (January 4, 1912).

²⁴*The Detroit News-Tribune*, (January 7, 1912).

(1) it would raise taxes; (2) it was not the best bargain possible; (3) the city would own most of the lines by 1916 through the expiration of franchises. Much emphasis was laid on the argument that taxes would be raised if the Thompson-Hally ordinance passed. The opponents marshalled not only an array of figures but statements of prominent citizens to prove the point. Dr. Wm. J. Brand was quoted as saying, "If the Thompson-Hutchins franchise carries at the election January 23, and the D. U. R. is given another franchise for thirteen years it will mean higher rents in the city of Detroit."²⁵ C. P. Warren, of Lincoln Avenue said, "The consumer 'pays the freight' every time, and the man who pays no taxes into the city treasury only deceives himself when he says that it will not affect his pocketbook if the taxes are increased. On the contrary, it will cost him considerably more than the actual increase in taxes, as the landlords will take advantage of the increase and will boost the rents at least twice as much as the extra taxes amount to."²⁶

It was agreed that the ordinance placed the burden for paving repairs upon the city. It was said that if a million dollars worth of work was done a year the taxes would jump fifteen per cent, but, as was likely if three million was expended, taxes would be increased forty-five per cent.²⁷

²⁵*The Detroit News-Tribune*, (January 7, 1912).

²⁶*The Detroit News*, (January 10, 1912).

²⁷*The Detroit News*, (January 16, 1912).

At that time the city was receiving a rental of \$300 a day on the expired Fort Wayne and Belle Isle franchises. The courts had just granted the city the right to increase the rate to \$500 a day making a total payment of \$2,342,500 for the period of twelve years and ten months which would be relinquished under the Thompson plan. In 1916 the franchises on the Grand River, Congress, Myrtle, and Greenwood lines would expire and from that date until 1924 the city could charge a rental of over \$600,000 that could not be collected under the ordinance.²⁸

In an effort to impress the voter with the burden that the city would assume, the opposition tabulated a list of some thirty streets on which work would be demanded in the near future on the Pingree three cent lines alone.²⁹ The list constituted only a third of the work that the city must bear, for there were 125 miles of five cent line demanding attention. The city would be responsible for that too, and the tax payer *would* pay the bill. It proved to be an effective argument.

NOT BEST BARGAIN POSSIBLE—That the ordinance was not the best agreement that could be obtained was felt by many. C. M. Burton stated that the rates were not only unsatisfactory, but that the ordinance was in fact a franchise.³⁰ Rev. Wm. L. Torrance explained his opposition on this point by saying, "I am opposed to the Thompson-Hutchins franchise for

²⁸*The Detroit News*, (January 15, 1912).

²⁹*The Detroit News*, (January 16, 1912).

³⁰*The Detroit News*, (January 9, 1912).

many reasons. My principal reason is that the franchise is not the best bargain we can secure."³¹ One reason given for believing that the ordinance was not the best bargain obtainable was that its terms were dictated by the Detroit United Railway. It was pointed out that Attorney Hally in reply to a question concerning the transfer clause, said that an effort was made to get the company to agree to "give a transfer on a transfer," but that the company would not concede the point. Who put the clause in the ordinance allowing the company a five-cent fare on all interurban cars entering the city? Who determined the conditions of the franchise? These questions were frequently asked. The response was, "the president and attorneys of the D. U. R."³² The opponents of the plan stated that the right to charge five cents on the interurban cars entering the city was a valuable concession to the company. Under the clause the company was permitted to label any car *Interurban* so long as it ran five miles outside of the city limits. That meant that the company could increase the number of such cars at will. Assuming that only the normal number were run, it was estimated that the additional income to the city would by 1924 amount to over \$12,000,000, or more than the value of the entire system as estimated by Barcroft.³³ To clinch the argument that the Thompson-Hally ordinance was not the best possible settlement, the enemies of the

³¹*The Detroit News*, (January 8, 1912).

³²*The Detroit News*, (January 12, 1912).

³³*The Detroit News-Tribune*, (January 14, 1912).

plan stated that the D. U. R. paid the city \$16,000 to get the franchise through. In support of that contention they published what purported to be a duplicate of the receipt handed the company in return for the money.³⁴ President J. C. Hutchins in a letter to the public, January 29, emphatically denied the charge.

EXPIRING FRANCHISES—To support the assertion that the ordinance was not the best settlement, a final argument was launched. "Why should we grant the company a new franchise for twelve years," asked the opposition, "when in a very few years the city will have control of most of the D. U. R. tracks through the expiration of franchises?" Rev. William F. Hopp of Bethel Lutheran Church said: "I am going to do all I can to bring everyone to make a careful study of the instrument before they commit themselves to a binding thirteen-year agreement with the tenant of our streets. It has only a few straggling tag ends about the city on which it can rightfully do business now, yet some people are doing their best to renew the lease of life all over Detroit on terms that are highly acceptable to the company."³⁵ In support of such statements the newspapers printed the list of streets upon which the franchises would expire by 1916, which was proof of the fact that the rights of the Detroit United Railway were rapidly dwindling.³⁶

³⁴*The Detroit News*, (January 12, 1912).

³⁵*The Detroit News*, (January 6, 1912).

³⁶*The Detroit News*, (January 16, 1912).

The argument was further supported by the presentation of two maps, the first showing the streets that would revert to the city by 1916. The second portrayed all the five-cent franchises the D. U. R. would have left by 1916.³⁷ With these facts in mind the opponents of the franchise could see no reasons for granting the D. U. R. an additional lease of life running to 1924.

THE VOTE—As election day approached both parties attempted to clarify the issues as they saw them. The proponents of the Thompson-Hally ordinance insisted that its passage would save the people money, improve the street car service, and make municipal ownership possible at once. The opposition was just as certain that the passage of the ordinance would result in higher taxes, that it was a poor bargain, and that it would delay municipal ownership another twelve years.

On election day, January 23, there was a heavy vote cast, and when the returns were in it was found that the Thompson-Hally ordinance had been defeated by a majority of 9,492.³⁸

³⁷*The Detroit News*, (January 4, 1912).

³⁸*The Detroit Times*, (January 24, 1912).

CHAPTER XVI

THE MUNICIPAL OWNERSHIP VOTE OF 1913

MUNICIPAL OWNERSHIP APPROVED BY VOTERS

CONSTITUTION AMENDED—THE PLAN—The year 1913 was an unfortunate one for the D. U. R., first through the municipal ownership vote, and second, through the decision handed down by the courts in the Fort Street franchise case. As Pingree had discovered, the constitution of the State of Michigan did not permit municipalities to own and operate their own public utilities. The constitution specifically stated that "The State shall not be a party to, nor interested in, any work of internal improvement, nor engage in carrying on any such work except in the improvement of or aiding in the improvement of the public wagon roads and in the expenditure of grants to the state of land or other property."¹

This was finally amended by the Verdier act, which was signed by Governor Ferris, March 10, 1913.² That evening the common council received a municipal ownership amendment to the city charter. With some alterations it was passed by the council two days later, and the plan was to submit it to a vote of the people at the spring election April 7.

¹Catlin, "The Story of Detroit", p. 629.

²*The Detroit News-Tribune*, (March 11, 1913).

The amendment, if adopted, would permit the City of Detroit to acquire "by purchase or condemnation or by construction and to own and operate street railways in the City of Detroit—and also to provide the means thereof by the issue of bonds by the City of Detroit to the amount of two per cent of the assessed value of the real and personal property of the city, and other bonds upon the property and revenues of the street railway system, including a security franchise."

Section 2 provided that "There shall be a board of street railway commissioners, who shall be appointed by the mayor of said city. Said board shall serve without salary and be subject to removal by the will of the mayor."³ While Mayor Marx approved the plan in general, he objected to a board of three commissioners. He said: "Personally I believe in a one-man board. I believe it a more effective system of control. But if I made a recommendation either way it might be suspected that I had an ulterior motive."⁴

PLAN DISCUSSED — BRAND WHITLOCK — JUDGE CONNOLLY—The amendment as passed by the council was given wide publicity in order that the people might study and discuss it prior to election day. It happened that at this time Brand Whitlock, Mayor of Toledo, had just returned from a four-months' trip abroad where he studied municipal

³*The Detroit News*, (March 14, 1913).

⁴*The Detroit News*, (March 14, 1913).

ownership in several leading European cities. His opinions were given much weight and he was quoted freely. The *News* of March 31, 1913, quoted Mayor Whitlock, as follows:

"The chief political question in most of the old world cities today is what to do with the profits of their municipally owned street car lines.

"The profits are so great that the people don't know what to do with them, and most of these profits have been piled up, not on three, but on two-cent fares.

"Traction history in this country is divided into three stages: First, the stage of speculation; second, regulation; third, municipal ownership which is certain to come, and quickly, I believe.

"I think we shall see before long American cities operating not only their waterworks and gas plants, but their street car systems as well, a sight that is common in European cities, and as universally acquiesced in by all schools of political thought as the municipal ownership of fire departments."⁵

Judge William F. Connolly gave a humorous view of the situation, saying that: "When the relations between two people living in the same house become so strained that they cannot live together, one or the other must move. That is the situation between the people of Detroit and the D. U. R. The people cannot very well move out and hand the city over

⁵*The Detroit News*, (March 31, 1913).

to the D. U. R. so just one thing can happen. The D. U. R. must evacuate. There is no other way out of the deadlock.”⁶

ATTEMPT TO PREVENT VOTE—THE ELECTION—On the ground that the Verdier act was unconstitutional the Wayne County Court was asked to enjoin the holding of the election on municipal ownership April 7. The taxpayers asking the injunction were: George H. Barbour, first vice-president and general manager of the Michigan Stove Company; Fred T. Moran, fire commissioner; and Charles A. Ducharme, second vice-president and secretary of the Michigan Stove Company. After a brief hearing, five judges of the Circuit Court unanimously denied the petition for an injunction to prevent the proposed election. Their decision follows:

“The court deems it inexpedient to restrain the action of the election commission, believing the constitutionality of the recent legislation can be tested on the present bill hereafter. By this course a proper time can be given to the consideration of the important questions raised by argument of counsel.”⁷

Election day arrived and the people were asked to vote upon the following questions:

“Do you favor authorizing the City of Detroit to acquire by purchase or condemnation or construction and to own and operate and maintain

⁶*The Detroit News*, (March 31, 1913).

⁷*The Detroit News*, (April 5, 1913).

and operate street railways within the City of Detroit and within a distance of ten miles from any portion of its limits, and to provide for the cost thereof by an issue of bonds of the City of Detroit to the amount of two per cent of the assessed valuation of the real and personal property of the city, and other bonds upon the property and revenues of the street railway, including a security franchise?"⁸

On election night the vote stood 42,714 for municipal ownership and 10,031 against it.⁹

DEAN COOLEY—One of the most prominent to oppose the municipal ownership program was Dean M. E. Cooley, of the University of Michigan. He insisted that the people of Detroit should not decide the matter on the basis of glamor and newspaper misrepresentation. As an example of this misrepresentation he cited a statement made by one of the Glasgow officials, who, admitting that municipal ownership had been a great success there, stated that it was not feasible in the United States. Dean Cooley said that he had spent a lifetime in the study of public utilities and he felt it his duty to call the attention of the people to the fact that they were woefully misguided, as evidenced by the municipal ownership election.¹⁰

⁸*The Detroit News*, (April 5, 1913).

⁹Catlin, "The Story of Detroit", p. 632.

¹⁰*The Detroit News*, (April 5, 1913).

FORT STREET FRANCHISE DIFFICULTIES

FORT STREET FRANCHISE EXTENDED—RENTAL ORDINANCE—During the time that plans for the election were being arranged the city and the D. U. R. were at sword's points over the Fort Street franchise which the city said had expired. The story is a long one and can best be understood by turning back to the year 1865. In that year the original company was granted the right to build a car line along Fort Street from the easterly to the westerly city limits at Twenty-fourth Street. The privilege was granted for a period of thirty years. On June 30, 1880, this privilege was extended thirty years, making the expiration date June 30, 1910. Five years later the city limits were extended to embrace territory in Springwells township, and the city granted the street car company the right to extend its lines into this new territory, such right to expire in 1910. Difficulties arose, however, when in 1906 the common council passed an ordinance concerning rates and fares on the D. U. R. The company insisted that under this ordinance the grants on the Fort Street line were extended to December 14, 1921. In June 1906, the council anticipating the expiration date of 1910, passed an ordinance to take effect on the day when the franchise would expire. It provided that the D. U. R. could occupy the streets at a rental of \$200 a day. But, on July 26, 1910, the council received a communication from Jere C. Hutchins, president of the company, stating that the franchise had not expired and he refused to pay the rental.

CASE GOES TO COURT—In August the council instructed the corporation counsel to take such steps as were necessary to collect the rental. The legal proceedings in the case are reported in the *News-Tribune* as follows:

“September 15, 1910, a bill in equity was filed in the Wayne Circuit, defendant answered and issue was joined, the case being brought on for hearing upon the pleadings and the proofs.

“While the hearing was in progress the question of the corporation counsel’s right to bring suit was questioned on the ground that the common council had not specifically designated him to do so. Thereupon the common council passed a resolution granting such specific authority.

“After the hearing the lower court held that all the D. U. R. rights in the street had terminated, but that the only remedy of the city was to eject the D. U. R. from the street, and should the defendant desire further use of the street it would have to pay the rental.

“The common council, on June 30, 1912, instructed the corporation counsel to cause a decree to be entered in accordance with the opinion of the judges.

“Under the decision in the lower court the city was debarred from collecting from the D. U. R. some \$150,000 of back rental accruing from the date of the entrance of the decree.

“When the decree had been entered by the corporation counsel, both the D. U. R. and the city

appealed to the Supreme Court at Lansing, the complainant, the city, claiming that the court should have entered a decree for the entire sum of money which had accrued from the date of the passage of the ordinance, and the defendant claiming that a decree should have been entered dismissing the bill."¹¹

SUPREME COURT DECISION—On February 27, 1913, the Supreme Court of Michigan handed down its formal decree which stated:

1. That the D. U. R. must stop operating cars on its Fort Street line upon ten days' notice from the city council.
2. That upon ninety days' notice from the city council the company must remove all of its property from said street.
3. That the city could not arbitrarily fix a fee for the use of the streets.¹²

D. U. R. APPEALS—U. S. COURT DECISION—The D. U. R. immediately appealed to the United States Supreme Court and on March 14 secured a stay of execution through a writ of error. The corporation based its appeal upon the following:

1. That, as it was operating under a charter granted by the state and by different municipalities through which the road ran, it had a right to operate on Fort Street.

¹¹*The Detroit News-Tribune*, (October 2, 1912).

¹²*The Detroit News*, (February 28, 1913).

2. That the grant given it by Springwells implied the right to use Fort Street, and that the grant did not expire until 1921.
3. That there is an implied contract that the company could continue operation in Fort Street.
4. That the lower court erred in decreeing that the D. U. R. should be deprived of the use of the street and that the decision was contrary to the constitution of the United States which provides that a person cannot be deprived of property without due process of law.

Upon the receipt of this news the city officials were perplexed, for they were sure that they held the whip hand in the controversy. Now it appeared that their hands would be tied for two or three years while they awaited the pleasure of the judges. But to the surprise of most people the court moved swiftly and rendered its decision on May 26, 1913, in favor of the city, the court holding that the franchises on the Fort Street line expired in 1910, and that the company had no further rights and might be ejected on sixty days' notice. The question of the \$200 per day rental did not enter the decision, as that had been settled by the State Supreme Court to the advantage of the D. U. R.¹³

THREE CENT FARE DEMAND — Although the Supreme Court decision was in favor of the city in one sense, it was a victory without an advantage. Suppose the administration should oust the D. U. R.

¹³*The Detroit News*, (May 26, 1913).

from the eighty miles of track on the Fort Street line, what would be the reaction on the part of the citizens in that vicinity? Those having the power to order the D. U. R. off the street finally decided that the city hall might be invaded by a mob that hated the D. U. R. but at the same time hated walking worse. Doubtless, the street car company appreciated this situation.¹⁴ It was intimated that it might be a wise move to demand a three-cent fare from the company in return for the use of Fort Street.

MARX PLAN—On June 24, Mayor Oscar Marx presented his plan for handling the street car situation. The plan was given a public hearing before it was submitted to the council for a vote. The intention was to submit it to the D. U. R. as an ultimatum. The plan follows:¹⁵

1. The D. U. R. must give three cent fares or five tickets for fifteen cents on all lines, good for twenty-four hours per day.
2. Universal transfers must be granted.
3. The D. U. R. must pave between the tracks and twelve inches on each side.
4. During 1913 the company should construct the following extensions:

“Cross town line in west end on or near Junction Avenue, line between Bagg and High Streets, to connect Myrtle and Mack lines; extend Kercheval line entirely to St. Jean Road,

¹⁴*The Detroit News-Tribune*, (May 27, 1913).

thence southerly to Jefferson Avenue; extensions to the new M. C. R. R. depot and other extensions as the council may demand by two-thirds vote."

5. No more than five per cent of existing trackage could be demanded in new extensions.
6. Should the company fail to build needed extensions as demanded the city could do so and the company must agree to run cars over said extensions and pay a reasonable rental.
7. No new rights could be given to the D. U. R., and the city reserved the right to revoke the ordinance at any time.
8. The company must agree to sell to the city at any time at a fair price to be determined by the Wayne County judges.
9. The company must pay the back rental of \$200 per day on Fort Street, and all back taxes.
10. Arbitration of labor disputes must be permitted.

It was also stated that while the foregoing ordinance was in effect the decree permitting the ousting of the D. U. R. from Fort Street would be suspended.

PUBLIC HEARINGS—The first public hearing on the proposed ordinance was held June 29. Members of the Municipal Ownership League were present and made strenuous objections to the plan on the grounds, (1) that it gave the D. U. R. additional rights in the streets, (2) that it provided an excuse for new lawsuits on the part of the D. U. R., and (3) that it would

block the bringing about of municipal ownership.¹⁶ C. M. Burton declared himself in favor of a long term franchise and said he would object to the city's bonding itself to take over the lines.¹⁷ A *News* reporter made a canvass of the aldermen and said that a majority of that body appeared to favor the plan. On August 3, the council committee passed the plan, and set August 7 as the day to put it into effect, assuming that the council would pass the measure. There was fear on the part of many municipal ownership advocates that this measure was somewhat premature and might provoke a riot. The D. U. R. intimated that it would continue to run cars and refuse the three-cent fare "until such time as mob violence, uniformed or otherwise prevailed."¹⁸

The street car company gave the following order to their crews:

"If any passenger offers a three-cent fare refuse it at once. If the passenger insists stop the car at once." On the other hand, Police Commissioner Gillespie gave his men this order: "Arrest all conductors who refuse three-cent fares and attempt to forcibly oust a passenger. If necessity demands it, the police will take charge of the cars and operate them."¹⁹

NEGOTIATIONS WITH D. U. R.—PLAN ACCEPTED—
As a final official statement to the D. U. R., Mayor Marx advised President Hutchins that a definite

¹⁶*The Detroit Times*, (June 30, 1913).

¹⁷*The Detroit News-Tribune*, (July 1, 1913).

¹⁸*The Detroit Free Press*, (August 3, 1913).

¹⁹*The Detroit Journal*, (August 5, 1913).

offer must come from the D. U. R. not later than 5:00 P. M. Tuesday, August 5, or the resolution would go through the council and the battle would be on August 7. In the meantime, James Couzens, John F. Dodge, and Henry Ford offered the city one thousand automobiles to carry passengers in the three-cent fare fight scheduled for Thursday. With the public provided for, the city could hold out indefinitely. This news reached the D. U. R. headquarters, and on August 5, Messrs. Lucking and Frazier handed an official communication to Mayor Marx from President Hutchins. At the council meeting that evening Mayor Marx read the following communication:²⁰

Aug. 5, 1913.

To the Honorable the Common Council:

Gentlemen:

"I am pleased to be able to announce to your honorable body, the receipt late this afternoon, of a communication from President Hutchins of the Detroit United Railway in which the company agrees to make valuable concessions to the city without the granting of a term franchise of any kind whatsoever.

"These concessions I estimate, will be worth more than one million dollars a year to the car riders of Detroit. Briefly they are as follows:

"Without any action by the council which might be construed to grant the street railway company a new lease of life in our streets the company will, on

August 15, grant seven tickets for 25 cents, all hours of the day on all of its system.

"It will still sell tickets at eight for a quarter during working-men's hours and on the so-called Pingree lines during the daytime, as at present.

"In addition, it agrees to do the paving, where, by franchise right, it is not exempted.

"It agrees to grant universal transfers, pay the taxes, interest and penalties which have accumulated since 1910, and in addition, pay into the city treasury the sum of \$75,000 as rental for the use of the Fort Street line.

"In forwarding the announcement to your honorable body, I wish to call your attention to the efforts of Hon. James Couzens, whom I recently appointed as a member of the board of street railway commissioners, in bringing about this agreement. Mr. Couzens conferred with officials of the Detroit United Railway, again with myself, attorneys and advisors, and the concessions above mentioned are the result.

"In addition, Mr. Couzens informed me, and also President Hutchins of the railway company, that he and Messrs. Dodge and Ford, of the Ford Motor Car Company, stood ready to place at the disposal of the car riders of Detroit 1,000 Ford cars should the railway company discontinue all or any part of its service Thursday morning. It was this splendid act on the part of Mr. Couzens and his colleagues in the Ford Company that did more than anything else to force the company to our terms.

²⁰*The Detroit Free Press*, (August 6, 1913).



JAMES COUZENS

"I believe that pending municipal ownership, these terms will be welcomed by the people of Detroit, and I recommend that the three-cent resolution which I advised your honorable body to pass be deferred, also that the \$300 a day rental resolution passed in 1909 be rescinded.

"In conclusion, permit me to express my thanks to your honorable body for the splendid assistance and encouragement you have given me in the fight to force concessions from the company. I believe that with Messrs. Couzens, Dodge and Ford, and the other gentlemen who have aided me, the thanks of the city are due you.

Respectfully,

OSCAR B. MARX,
Mayor."

By this agreement it was conceded that the franchises on about eighty miles of the five-cent lines had expired, leaving only about sixty miles of the five-cent lines. The D. U. R. reduced its fare $1\frac{1}{2}$ cents on its sixty miles of line, while on the eighty miles of line the city came up $\frac{1}{2}$ cent, from its original demand. So, instead of three cents on the eighty miles and five cents on the sixty miles, the fare on all lines, after August 15, would be seven tickets for 25 cents, or about $3\frac{1}{2}$ cents on all lines. It was estimated that this change would save the car riders of Detroit about one million dollars annually.²¹

²¹*The Detroit News*, (August 5, 1913).

CHAPTER XVII

PIG-IN-A-POKE PLAN

COMMISSION AGREEMENT WITH THE D. U. R.

STREET RAILWAY COMMISSION CREATED—By the election of April, 1913, a charter commission was authorized to alter the city charter in order to legalize the proposed municipal ownership of the street railway. The charter commission created a street railway commission with power of appointment vested in the mayor.¹ On July 29, Mayor Marx presented the names of three leading citizens to the common council for approval. The names ratified were James Couzens, John F. Dodge, and William D. Mahon,² with John F. Dodge president.³ The plans of the commission were well expressed by James Couzens, who said:⁴

“The commission will get down to work as soon as organized and will push forward as rapidly as possible toward municipal ownership. There are undoubtedly several problems to solve and there is much work ahead for the commission. I feel and I am sure that the other members of the commission will agree that the commission should carry out the spirit of

¹*The Detroit Free Press*, (April 8, 1913).

²*The Detroit Journal*, (July 29, 1913).

³*The Detroit News-Tribune*, (August 2, 1913).

⁴*The Detroit Journal*, (July 31, 1913).

the municipal ownership election and do it as rapidly as we can."

ENGINEERS TO BE ENGAGED—The commission began a series of meetings with officials of the D. U. R. for the purpose of acquiring the street railway system for the city. The first step was taken when the parties concerned agreed to engage a staff of competent engineers to work with the D. U. R. engineers to make an appraisal.⁵

In April, 1914, William D. Mahon resigned on the grounds that the commission had failed to make any sort of progress toward municipal ownership.⁶ James Wilkie, superintendent of the mechanical department of Parke, Davis and Company, was appointed to fill the vacancy.⁷

BEMIS APPRAISAL—In July, 1914, the street railway commission entered into agreement with Prof. Edward W. Bemis, to appraise the property of the D. U. R. in the one-fare zone. The appraisal was not to cost more than \$46,000.⁸ The physical valuation of \$17,476,742 was made public January 19.⁹ In addition the franchises held by the company were valued at \$2,500,000.¹⁰

⁵*The Detroit News-Tribune*, (August 15, 1913).

⁶*The Detroit Journal*, (April 21, 1914).

⁷*The Detroit News*, (April 23, 1914).

⁸*The Detroit News-Tribune*, (July 7, 1914).

⁹*The Detroit Journal*, (January 19, 1915).

¹⁰*The Detroit News-Tribune*, (January 26, 1915).

The summary of the appraisal follows:

Miles of main track.....	198.066
Miles of siding and yards.....	23.941
Total miles of single track.....	222.007
Barcroft, 1909, miles of main track.....	170.41

	Cost of Reproduction New	Ratio of Values	Cost of Reproduction Less Depreciation
1—Way and structure.....	\$11,364,741	\$0.81	\$ 9,216,083
2—Equipment.....	5,730,319	.75	4,322,061
3—Power.....	2,053,394	.65	1,325,688
4—General and Miscellaneous	2,048,000	.75	1,550,000
Grand total, exclusive of re- maining franchise values, bond discount and intangi- ble values: and exclusive of the paving and its founda- tion, paid for by the railway, and general miscellaneous expense incident thereto, ex- cluded by the ruling of the corporation counsel for the city.....	\$21,186,454	.77	\$16,413,832
Paving.....	1,771,516	.60	1,062,910
Grand total.....	\$22,957,960		\$17,476,742
Average depreciation 23 per cent.			
Barcroft total, 1909, \$11,121.724.			
Barcroft mileage, 170.			
Bemis mileage, 198.			
Barcroft cars, 998.			
Bemis cars, 1,312.			

CITY OFFER REJECTED—ALTERNATIVE ADOPTED—

After numerous delays the city offered to purchase the street railway for \$23,285,000, which J. C. Hutchins promptly rejected. Upon receiving the communication that the offer had been rejected the board met and ultimately concluded to call in Messrs. Hutchins, Brooks, and Stevenson representing the D. U. R. with whom a happy solution was finally reached. "It was agreed on both sides that an excellent solution of the whole problem would be a sale to the city, the price to be fixed by the circuit judges of Wayne County, sitting as a court of chancery, subject to the right of appeal to the Supreme Court of Michigan by either party if dissatisfied by the findings of the circuit court."¹¹ The final plan follows: The six judges of the Wayne County Court were to determine the price which the city was to pay the D. U. R. lines, provided the people accepted the agreement entered into between the D. U. R. officials and the commission. If the vote was favorable the city would have to begin suit within sixty days "to enforce the contract with the D. U. R. thus bringing the question of the value of the lines before the court." Within thirty days after the filing of the suit the traction company would have to turn over its entire property to the City of Detroit. The six judges were then to hear the testimony as to the value of the property. The street car company contended for a minimum price of \$24,900,000 which was the value of all its bonds. The city was to base

¹¹*The Detroit News*, (May 1, 1915).

its estimate of the D. U. R. value on the "Bemis appraisal and figures obtained from the company's own books, besides expert opinion on the cost of a duplicated system." The city was, moreover, to argue for a valuation of \$20,000,000 as a maximum. Upon the completion of the testimony the judges were to review it and decide upon a just price. Should either side object, it might appeal from the decision to the Supreme Court of Michigan. The six judges were: George Stedman Hosmer, Alfred J. Murphy, Patrick J. M. Hally, Henry Addison Mandell, Philip T. Van Zile, and George P. Codd. Judge Codd, it will be recalled, was mayor of Detroit in 1904, and at that time presented a scheme for solving the street railway problem which was defeated.¹²

This agreement was submitted to the council. That body decided that the agreement to purchase the lines of the D. U. R. in the one-fare zone, and the charter amendment necessary to make the transaction possible should be submitted to the people at a special election on Tuesday, November 2.

THE CAMPAIGN

ATTITUDE OF JOHN F. DODGE, R. I. LAWSON, ABNER LARNED, JAMES COUZENS—The contention of the municipal ownership advocates was expressed by John F. Dodge who said:

"If the people accept this proposition you get a street railway system for nothing; you are going to get a property that will pay for itself.

¹²*The Detroit Times*, (August 13, 1915).

“Under municipal ownership countless thousands of dollars can be saved every year by the haulage on the city’s car lines of refuse, garbage, ashes and paving materials. We can flush our streets at one-quarter the cost.

“In ten years Detroit’s car-riding public has increased 180 per cent. For its population Detroit has the smallest area of any city in the United States. This is because the D. U. R. will not build extensions until a section is built up solid.”¹³

At another time Mr. Dodge stated:

“The commission considered the two other methods of acquiring D. U. R. property—condemnation and piece-meal extension, but we were convinced that neither plan was feasible.”¹⁴ In stressing the confidence which many had in the ability of the Wayne County judges, Richard I. Lawson stated, “If a man tells me that he is in favor of municipal ownership but is opposed to this plan I challenge his sincerity—I doubt his honesty of purpose. He should be ready and willing to offer you some kind of a plan by which he can achieve that which you desire.

“I am ready to stand by the judgment of the Wayne Circuit Court in any matter in which I am concerned, whether it be my life, my property, or what not.”¹⁵

Mr. Abner E. Larned, prominent business man, welfare worker and public speaker referred to the railway commission as follows:

¹³*The Detroit News*, (August 24, 1915).

¹⁴*The Detroit Journal*, (August 24, 1915).

¹⁵*The Detroit News*, (August 24, 1915).

"Supposing John Dodge and James Couzens organized a company for the manufacture of trucks and they said, 'We believe absolutely in the soundness of our proposition so we'll let you buy some stock.'

"Every man in Detroit would invest, because he knows what these men are capable of.

"Now, then, these men have given the city over a year of their time on this car proposition.

"These men are willing to stake their reputations as business men on the soundness of their plan. That in itself is enough for me. I'd be only too glad to invest my money in any proposition they would propose, and now all they ask the citizens to do is to vote for the betterment of the city's own interests."¹⁶

When going into the campaign James Couzens remarked:

"There is no other issue. Fear of graft, fear of politics, fear of high taxes— all these objections have been raised to the purchase of the D. U. R. but each and all emanate in disbelief in municipal ownership."

"I don't think any one of the objections is well grounded. The people will pay such close attention to the operation of the car lines that graft will be insignificant. I do not believe politics will be tolerated in the management of the car lines. The street railway commission is convinced that the purchase of the car lines can be negotiated out of the earnings of the lines and will not affect the taxes."¹⁷

¹⁶*The Detroit News*, (August 28, 1915).

¹⁷*The Detroit News*, (September 15, 1915).

To substantiate this statement the proponents of municipal ownership said that the daily income of the D. U. R. was \$22,000 on the city lines alone. Out of this, \$10,000 went for operating expenses, \$4,000 for repairs and upkeep, and \$2,000 for administrative expenses, thus leaving "for the overlords in New York" \$6,000 a day.¹⁸ Further it was stated that the company made five per cent on \$40,000,000 with only about \$16,000,000 worth of its own property in the streets. In other words the major sum that they earned was due to the value of the right of way in the streets.¹⁹

OPPOSITION TO PLAN—FEDERATION OF LABOR—During this time the opposition composed of —The Federation of Labor, the Municipal Ownership League, and a small coterie of men led by C. M. Burton were active. The federation of labor appointed a committee of investigation early in September. The report of that committee was against the plan proposed by the street railway commission on the grounds that it would do away with arbitration of labor difficulties. In presenting their report the labor committee gave four reasons why the plan should be defeated: First, it was un-American and un-democratic; second, it clothed the board with the powers of a civil service commission; third, the purchase price would include payment for a large amount of water; fourth, the city amendment of 1913 made a vote

¹⁸*The Detroit News*, (October 11, 1915).

¹⁹*The Detroit News*, (October 18, 1915).

unnecessary.²⁰ Commissioner Couzens attempted to allay the suspicions of the Federation by replying that not a "single employee of the street railway will be interfered with when the city takes over the lines."²¹ The Socialists aided with the Federation of Labor issuing the statement that "The Marx-News-City Hall scheme to purchase the D. U. R. is against the best interests of the city."²²

MUNICIPAL OWNERSHIP LEAGUE—The Municipal Ownership League was organized to fight the proposed plan for the acquisition of the street railway system, or as it was termed by the opposition, the "Pig-In-a-Poke" plan or "The blank check plan." Thomas L. Dalton, secretary of the League, said: "We expect to cooperate with the Federation of Labor and will conduct a more vigorous campaign than we have any time in the past."²³ George William Moore, counsel for the League and Alfred Lucking, counsel for the Street Railway Commission, endeavored to enlighten the public by holding debates in churches, school houses and halls. Such meetings were addressed by members of the commission, and were well attended.

FORD'S ATTITUDE—While Henry Ford did not engage in the campaign he did approve the plan of the Commission. He said:

²⁰*The Detroit Free Press*, (September 9, 1915).

²¹*The Detroit News*, (October 20, 1915).

²²*The Detroit Journal*, (September 27, 1915).

²³*The Detroit Journal*, (September 10, 1915).

“One of the safest business propositions I have ever heard of. I want to say to the people of Detroit that even if I hadn’t studied the plan for myself, I have so much confidence in the integrity and judgment of the three men I have known personally, Messrs. Couzens, Dodge, and Lucking, that I would not hesitate to favor it on their word alone.”²⁴

ELECTION PLANS CONTESTED—For a time it appeared as though the people would not have a chance to vote upon the issue. C. M. Burton, E. S. Brooks, Andrew Green, and Stanley Anderson asked the courts to prevent the street car election. The petitioners in their request for an injunction against the election asserted that the Circuit Court had no right to fix the price to be paid “as proposed in the plan now before the people because it cannot legally assist any parties in making a contract.”²⁵ In referring to his plea for an injunction Mr. Burton said he wanted “to smash municipal ownership of street railways now and forever. I don’t care about the merits of this or any other plan. I want the courts to say that municipal ownership of street railways is illegal and can never be in this city.”²⁶

SIMILAR OBJECTIONS IN THE PAST—This was not the only time that the courts had been invoked to enjoin a popular vote on the subject of municipal ownership. It will be recalled that in 1899 when

²⁴*The Detroit News*, (October 13, 1915).

²⁵*The Detroit Journal*, (September 28, 1915).

²⁶*The Detroit Times*, (September 30, 1915).

Mayor Pingree proposed to purchase the street car lines for \$17,000,000 the vote was blocked when upon petition the courts held the municipal ownership law, passed by the legislature, to be unconstitutional. From 1899 to 1908 the municipal ownership advocates sought to secure a revision of the constitution in order to nullify the court's decision. In 1907 a constitutional convention resulted in getting into the constitution a clause to the effect that cities of more than 25,000 population were permitted to own and operate street railways. With the adoption of the new clause in the constitution the supporters felt that they had obtained a victory. In the following year the legislature adopted a home rule bill, the object of which was to permit cities the statutory right to secure municipal ownership in conformity with the new constitution. In the same year an amendment providing for municipal ownership was prepared and made ready for submission to a vote, when upon petition the State Supreme Court blocked the vote on the ground that the home rule bill did not give cities the right to amend their existing charters. In 1911 the state law was amended to permit cities to amend their charters in piece-meal fashion. Immediately an amendment was prepared but was never presented to the people because the courts held it illegal on a technicality in the state law which said that cities may "frame, adopt, and amend" their charters. The court stated that because of this wording of the constitution a city could not amend a charter until it had adopted a charter by the direct

vote of the people. To avoid the delay and the trouble involved in ratifying a new charter the city representatives went before a special session of the legislature in 1912 requesting that an amendment be submitted to a vote empowering cities to amend their existing charters. The amendment, put to a popular vote in the fall of 1912, carried by an overwhelming majority.

That, however, was not all. The state law had to be changed again to coincide with this new constitutional provision. Sponsored by Mayor Marx, and Corporation Counsel Lawson the Verdier amendment to the home rule bill was passed. The municipal ownership charter, amended, was submitted to the people in April 1913. Again an injunction was sought, but this time the Circuit Court denied the petition, and their decision was confirmed by the Supreme Court. The amendment going to the vote of the people was adopted by a vote of better than four to one. The opponents of municipal ownership then sought to restrain the mayor from appointing a street railway commission. However, in February, 1914, the Supreme Court declared that the mayor was acting within his rights under the amendment.²⁷ It was on October 16 that the proponents of the street railway commission's plan received the announcement that "The Wayne Circuit judges unanimously refused, Saturday morning, to enjoin the submission to the people of the street railway purchase plan."²⁸

²⁷*The Detroit News*, (September 28, 1915).

²⁸*The Detroit Times*, (October 16, 1915).

INFLUENCE ON TAXES—The problem of how the purchase would influence the taxes brought James Couzens of the Commission and George Lord, analyst, into a clash, as it did many others. Couzens maintained that the people would have to pay for the street railway whether they owned it or not.

“In one case we will pay for it and the company will continue to own it. In the other case, we will pay for the lines and the city will own them. The money paid in street car fares will do the paying in either case.”²⁹

George Lord, on the other hand, said: “I cannot see how the taxpayer will escape a higher tax rate if the city assumes control of the Detroit United Railway lines. It is an out and out political proposition, and the average taxpayer knows just how much politics have to do with the tax rate.”³⁰

THE SETTLEMENT LEAGUE—Toward the close of the campaign the municipal ownership advocates extended their efforts. One evidence of increased activity appeared when the Greater Detroit Street Car Settlement League was organized carrying a list of prominent men on its rolls. Their aim was to secure municipal ownership, and “get the street railway problem settled for the good of Detroit.” The president of the organization was Alex McLeod, formerly secretary to Mayor Hazen Pingree when he launched the fight for city ownership.³¹

²⁹*The Detroit News*, (October 15, 1915).

³⁰*The Detroit Free Press*, (September 12, 1915).

³¹*The Detroit News*, (October 23, 1915).

OBJECTIONS SUMMARIZED—Both sides threw themselves wholeheartedly into the battle. The talking points of the opposition were summed up on October 30 in a communication to the *Detroit Journal* by George William Moore, counsel for the Municipal Ownership League, under the caption, “\$40,000,000 Grab Plainly Contemplated in D. U. R. Pig Scheme.”

He urged the people to vote “No” on the proposed purchase plan because:

- “1. It deprives them of the right to vote on the price.
- “2. The property may be mortgaged without their consent.
- “3. It deprives them of the right to have all labor disputes settled by arbitration.
- “4. Under the plan the city would pay between 40 and 50 per cent of the present mortgages on the plant and leave the balance a first lien on the whole plant. These mortgage bonds are selling at 70 but if the plan is adopted they will immediately be worth par.
- “5. The price must be fixed by the testimony of experts and the reports of these vary, some fixing it as low as \$11,000,000 and some as high as \$40,000,000, depending on what they take into consideration in fixing the value, but as the contract provides that in fixing the value ‘all things shall be considered’ it is reasonably certain that the price will reach \$40,000,000.

- “6. There is a wide difference in the estimate of the same thing. Prof. Bemis says that the franchises are worth \$2,000,000; Prof. Cooley says the franchises are worth \$6,000,000.
- “7. The street railway commissioners admit that based on earning power the plant is worth \$40,000,000.
- “8. Prof. Cooley says the physical property, after deducting for the wear and tear and the franchises alone are worth \$29,714,079, and he says that there must be added the value of the good will, prospects of future increase of earnings and various other items which would add many millions to his appraisal.
- “9. The sworn report of the D. U. R. states that the plant is worth \$40,000,000.
- “10. The D. U. R. stock sales on the New York Stock Exchange show the plant is valued at \$40,000,000.
- “11. D. U. R. experts have sworn that the plant is worth \$40,000,000.
- “12. Wall Street owns the D. U. R. securities and will be a powerful ally of the D. U. R. in boosting the price.
- “The plan would cause an enormous loss to the taxpayers and the street car patrons.”³²

The appraisal by Dean Cooley made for the State Railway Commission was issued shortly before the purchase plan was to go to a vote. Dean Cooley set

³²*The Detroit Journal*, (October 30, 1915).

the valuation at \$28,780,196 as shown by the accompanying chart.³³

THE VOTE—The excitement of election day was intensified when it was discovered that the Burns Detective Agency had the polls well guarded to prevent trouble.³⁴ On election night it was found that the total vote cast was 68,334. To win the election it was necessary to secure sixty per cent of the vote or 41,001, but the actual vote cast in favor of the measure was only 32,545, with 35,789 against. This meant that the plan as set forth by the railway commission was defeated by 8,456 votes.³⁵ The "Pig-in-a-Poke" plan was beaten; but the fight for municipal ownership of the street car system in Detroit continued.³⁶

³³Cooley Appraisal of D. U. R. 1915. Blue Print end of Vol 2.

³⁴*The Detroit Journal*, (November 1, 1915).

³⁵*The Detroit News*, (November 3, 1915).

³⁶*The Detroit Journal*, (November 3, 1915).

CHAPTER XVIII

THE COUZENS' PURCHASE PLAN OF 1919

A PURCHASE AGREEMENT WITH THE D. U. R.

COUZENS BECOMES MAYOR—James Couzens, “the lone-hand” candidate for mayor in 1919, in his campaign announcement, stated his position on the street car question. “Any price,” said his message, “that the street railway company will accept, without all the values having been thoroughly presented to a jury and given proper publicity, will be open to suspicion. I have had, during my several years on the street railway commission, considerable opportunity to study the situation and to learn something of the temperament of the people.” After a campaign of unusual interest Couzens was elected mayor.¹

COUZENS' INAUGURAL MESSAGE—In taking office Mayor Couzens, in a fiery inaugural before the common council, characterized the street car service as a “disgrace,” and “intolerable.” He urged that steps be taken toward the securing of the street railway by the city. He was having prepared plans for condemnation proceedings, but was certain that a direct purchase plan would be quicker and more desirable. He promised the council that he would present a

¹*The Detroit Journal*, (July 9, 1919).

purchase plan in time for the April election, which would differ from previous plans in that the purchase price would be set in advance.²

PRELIMINARY ARRANGEMENTS—The new mayor left no stone unturned in his efforts to reach an agreement with the traction people. Of the proposed city budget he asked for \$100,000 to be expended by the street railway commission³ as soon as their work had been outlined. He appointed Col. S. D. Waldon and Abner E. Larned to this commission to fill the vacancies left by the resignation of Julius H. Haas and John F. Dodge.⁴ He called in M. M. O'Shaughnessy, city engineer of San Francisco for consultation in an effort to reach a fair valuation.⁵ Mayor Couzens then conferred informally with President F. W. Brooks, who agreed to sell provided an acceptable price could be arrived at. The mayor let Mr. Brooks understand that he would not consider a price based on the reproduction value of the property⁶ and that an agreement must be reached by March 18 so that the proposition might be presented to the people at the election, April 7.

NEGOTIATIONS WITH D. U. R.—The first meeting of the city representatives and the traction officials was held February 10, 1919. Those present were the entire street railway commission composed of Abner

²*The Detroit Journal*, (January 15, 1919).

³*The Detroit Journal*, (January 17, 1919).

⁴*The Detroit Journal*, (January 24, 1919).

⁵*The Detroit Free Press*, (January 29, 1919).

⁶*The Detroit News*, (January 18, 1919).

E. Larned, Col. S. D. Waldon, Francis C. McMath, and Edward T. Fitzgerald, (secretary), Mayor James Couzens, M. M. O'Shaughnessy, H. M. Bunkerhoff, an expert engineer from New York, Frank W. Brooks, president of the D. U. R., A. F. Edwards, vice-president and secretary of the D. U. R., and their attorney, Elliot G. Stevenson. Little was accomplished other than the giving of assurance by Mr. Brooks that his company was eager to do all possible in an effort to cooperate with the city.⁷

THE COMMISSION'S APPRAISAL—The commission had no intention of requiring a new appraisal. It hoped to arrive at a just figure through the advice of Mr. O'Shaughnessy, reports of city officials, and a study of the various appraisals made in the past. At a meeting of the commission Mayor Couzens outlined the history of the appraisals, stating that Bemis valued the line at about \$73,000 per mile; Cooley set the value at \$102,000 per mile; Barclay, Parsons, and Clapp estimated the value per mile at \$100,000.⁸ H. H. Esselstyn, commissioner of public works was asked to submit an appraisal of the tracks, and Councilman Nagel, a real estate authority, was requested to submit an estimate of the company's real estate holdings within the city.⁹

By February 18, the city had completed its estimate and on that afternoon at two o'clock the Street

⁷*The Detroit Free Press*, (February 11, 1919).

⁸*The Detroit Free Press*, (January 27, 1919).

⁹*The Detroit Free Press*, (January 30, 1919).

Railway Commission and the Mayor held a conference, and at three o'clock representatives of the D. U. R. were admitted. The meeting was a stormy one lasting three hours, culminating in the offer on the part of the city to purchase the city lines of the D. U. R. for \$29,683,936, provided the people so voted on April 7.¹⁰

STOCKHOLDERS RESPONSE—On the day following the stockholders of the D. U. R. refused to consider the city's offer, characterizing it as "unfair and inadequate." They submitted another proposition to the city, an offer to lease the lines for a period of fifty-five years at a rental of \$2,010,000 or six per cent on the valuation of \$33,500,000. The city was to have the right of purchase at the end of any five year period upon giving twelve months' notice. The property was to be returned to the company at the end of the leased period on a twenty year franchise if not purchased prior to that time by the city.¹¹

COMMISSION REJECTS OFFER—On the following Saturday morning the commission met and considered the plan submitted by the D. U. R. At noon secretary Fitzgerald left the conference and announced that the commission had rejected the counter offer and that negotiations were off. A letter to that effect was sent to President Brooks, in which the attitude of the commission was set forth. It follows:¹²

¹⁰*The Detroit Free Press*, (February 19, 1919).

¹¹*The Detroit Journal*, (February 19, 1919).

¹²*The Detroit Free Press*, (February 23, 1919).

February 22, 1919.

"Mr. Frank W. Brooks, President,
Detroit United Railway,
City.

"Dear Sir:

At a meeting of the board of street railway commissioners, held in the mayor's office today at 10 a.m., it was directed that the following reply to your proposal of February 18 be addressed to you:

"This commission has carefully considered your letter of February 18. It will be useless, apparently, for us to discuss with you the question of valuation of the property because you advise us that your company, unanimously, concludes that the price we offered you was 'wholly inadequate,' and you further make the comment that a fair valuation of the property would involve fixing the reproduction value of the property on the basis of the average price of material, labor, etc., over a period of five years immediately preceding this date. That is, of course, your opinion of a fair valuation, but that is not our opinion, because the property has not been replaced or anywhere near so in a period of five years. We are firmly of the opinion that the offer we have made is entirely fair and adequate.

"As we stated to you during our meetings, the amount of money that you may have put into the property is not a factor in the discussion, because you elected to put it in on the streets of Detroit at your own risk, where your franchises had expired and,

therefore, of necessity had to take your chances and if, since then your property has deteriorated in value through obsolescence and depreciation. the city should not be asked to compensate you for it. This, so far as valuation is concerned.

“Secondly, we have considered your suggestion of leasing the property to the city and in view of the past experience the city has had, we must respectfully reject the suggestion in its entirety.

“Thirdly, we have also considered your final suggestion to proceed under an arrangement to be made to construct the several extensions and beg to advise that under no circumstances are we willing to consider any such plan.

“In view of the fact that the many efforts of the city to reach an amicable adjustment with the Detroit United Railway Company during a period of more than 25 years have resulted in nothing tangible and your rejection of the city’s last offer to purchase the property it seems to the commission to be futile.

Respectfully,

BOARD OF STREET RAILWAY COMMISSIONERS

By EDWARD T. FITZGERALD,
Secretary.”

Mayor Couzens said that the refusal by the company of the city’s offer meant a three-year fight. Mr. O’Shaughnessy was asked to remain in Detroit to determine the advisability of the city’s constructing a municipal street railway system. On February 24, an ordinance was presented to the council de-

signed to raise funds for the construction of a piece-meal and competitive street railway system with the objective of ousting the D. U. R. from the streets.

CONFERENCES RESUMED—With the city bent upon carrying out some definite plan, the D. U. R. felt that it would be judicious to re-open negotiations and the street car commission was so advised on March 8.¹³ At a meeting of the commission and D. U. R. officials March 10, a compromise price of \$31,500,000 was agreed upon.¹⁴ On Monday evening the council in special session voted to submit to the electors the contract signed by the commission and the Detroit United Railway. The council also voted to submit to the people a plan for the financing of the deal which would take the form of an issue of public utility bonds "to be outside the two per cent limit of the annual expenditures for municipal purposes."¹⁵ In speaking to the council regarding the contract made with the D. U. R., Mayor Couzens declared: "We have guarded the citizens in every point. We have had three of the best counsels in Detroit, and we have obtained the best agreement that we know how to get."¹⁶

PROVISIONS OF THE PURCHASE AGREEMENT

PRICE—BONDS—INTEREST—The chief provisions of the agreement reached by the street railway com-

¹³*The Detroit News*, (March 8, 1919).

¹⁴*The Detroit News*, (March 11, 1919).

¹⁵*The Detroit Free Press*, (March 18, 1919).

¹⁶*The Detroit Free Press*, (March 18, 1919).

mission and the Detroit United Railway officials follow:¹⁷

The purchase price agreed upon was to be \$31,500,000 of which \$15,000,000 was to be paid by July 1, 1919, and the remainder not later than December 31, 1931. The property to be acquired consisted of street railway property within the city limits of the City of Detroit, the City of Highland Park, the village of Hamtramck, and the township of Warren, in Macomb County. Delivery was to be made July 1, 1919.

At the April election the voters were to be asked to approve bonds amounting to \$24,000,000 to provide for the initial payment of \$15,000,000 and for extensions and improvements. The city agreed to pay interest at the rate of six per cent on the unpaid balance of the purchase price, which was to come out of earnings. The city reserved the right to stop interest by purchasing outstanding bonds secured by mortgage on the property prior to December 31, 1919.

INTERURBAN CARS—TRANSFERS—The Detroit United Railway would be permitted to run its interurban cars into the city as usual on payment to the city of the cost of "transferring the cars over the city's tracks, plus thirty per cent." The cars entering the city would at all times be under the control of the Board of Street Railway Commissioners. The agreement as to interurban cars was to be subject to review

¹⁷Street Railway Purchase Agreement issued by the Board of Street Railway Commissioners, March 17, 1919, pp. 4-5.

every five years, and in the event of disagreement the difficulties were to be submitted to the Michigan Railroad Commission for settlement. It was further provided that neither party should issue transfers for passage on cars belonging to the other party, and also that within the city the interurban cars would be permitted to carry only interurban passengers.

THE CAMPAIGN

ATTITUDE OF STREET RAILWAY BOARD—On March 21, the Board of Street Railway Commissioners explained that before the purchase-by-agreement plan was agreed upon, two other plans had been considered; viz., condemnation and construction of independent lines. The board also made it clear that while its members were ready to appear before public gatherings to explain the plan, it would not carry on a campaign to secure the passage of the contract April 7.¹⁸ In the main their expression characterized the entire three weeks period prior to election day. Those weeks were singularly free from "politics." The vote appeared to depend primarily upon the price element in the contract, many feeling that though the figure was not ideal, still it was far better to accept the terms agreed upon than to carry the fight on indefinitely.

MAYOR COUZENS QUESTIONED—Mayor Couzens opened his campaign for municipal ownership by declaring, "I put my full faith and honor as James

¹⁸*The Detroit Journal*, (March 21, 1919).

Couzens behind this purchase plan. I do not think it is an ideal price, but it is the best I know how to get." He was asked by the *Detroit News* to answer a series of questions pertaining to the plan. The questions and the mayor's answers follow:¹⁹

Question 1: "Do you believe \$31,500,000 is the best price for which the city could acquire the D. U. R., with the interest of the people always in mind?"

Answer: "I absolutely believe it is. If it weren't I should not recommend it—We might save money by a further campaign of harassing the D. U. R. and the people, but my belief is that the welfare of the people should not be sacrificed for the sake of a few dollars."

Question 2: "Does this price include anything definitely paid down for franchises which the city gave to the D. U. R. free?"

Answer: "No, it does not."

Question 3: "Does this price pay for any water?"

Answer: "No."

Question 4: "Does this figure, in your mind, best represent the physical value of the lines as they stand today?"

Answer: "I've stated before that the price is higher than that, but one of the guiding influences was, from the best information we could get from various cities, that the rate per mile was reasonable. We were somewhat influenced by Cleveland's example, where they pay 6 per cent. on \$30,000,000 and 5 per

¹⁹*The Detroit News*, (March 20, 1919).

cent. on \$5,000,000 in bonds, for less mileage than we are getting."

Question 5: "Do you believe it can be shown that the difference between the price offered to the people by the D. U. R. 10 years ago, \$24,000,000 and the value attached now is to be found in extensions, improvements and betterments?"

Answer: "Yes. It may not show dollar for dollar for investment, but the cost of materials has gone up at a terrific rate since 1915,——."

Question 6: "Do you believe it would take as much as \$38,000,000 to reproduce the lines as they stand today?"

Answer: "The company claims and shows figures that they have put \$40,000,000 into the property which, after depreciation would still be near \$38,000,000 and the books show it——."

Question 7: "Why was \$2,000,000 added to the \$27,600,000 which was fixed by your engineers as the physical value of the lines, and then another \$2,000,000 after that?"

Answer: "Our offering price was \$29,600,000 which we thought a fair value for the lines, and the other \$2,000,000 was added as an absolute compromise value. You might call it a nuisance value——."

Question 8: "Do you believe the city could get the same price for the lines if it were to sell them, say within a year after purchase?"

Answer: "The sale of the lines naturally would mean the privilege to operate and would bring a great

deal more if Municipal Ownership failed. If Municipal Ownership failed it would be a crowning achievement for capital—. The right to operate these lines in a city of 1,000,000 persons is worth millions.”

Question 9: “Is everything included under the contract that the city needs to serve its best purposes, other than the extensions which you propose to build? Will there be anything left in the D. U. R.’s possession which we ought to have?”

Answer: “There will be nothing left. But it must be remembered that we must pay in addition to the \$31,500,000 for any coal, oil and other supplies which they may have on hand which is necessary to run the lines——.”

Question 10: “Will the system pay for itself?”

Answer: “That is up to the people to say for themselves. The higher the fare naturally the quicker we could pay for the lines——.”

Question 11: “How do you propose to dispose of the \$24,000,000 worth of public utility bonds whose issue you ask the voters to approve?”

Answer: “I haven’t worked that out yet. My hopes are to put them on sale a couple of months after the Liberty Loan campaign is over—. I think the interest will be between $4\frac{1}{2}$ and 5 per cent.——.”

Question 12: “It is said the D. U. R. paid as high as 8 per cent. for money.”

Answer: “That is true. They paid a premium to bankers for \$5,000,000 at 6 per cent. I do not know

how much that premium was, but believe it was enough to make the interest 8 per cent."

Question 13: "Why not condemn the lines?"

Answer: "Because of the long delay and the belief that an unknown jury might be influenced to pay for many items that men who argue back and forward over the table would not pay for, and because we thought that is just the sort of plan the company wanted."

MUNICIPAL OWNERSHIP LEAGUE—The Municipal Ownership League opposed Couzens' plan. It asserted that a better method would have been either to condemn, or to have ousted the company from the street through a court order. In a set of resolutions opposing the plan the League gave the following reasons for their opposition.²⁰

1. That the city would be paying three times what the lines were worth.
2. That the contract in reality is nothing more than a perpetual franchise presented to the D. U. R.
3. That the Mayor admitted it would require \$8,000,000 to put the lines in repair, thus making the actual price \$40,000,000.
4. That under the plan the company could operate as many freight and interurban cars as it desired.

²⁰*The Detroit News*, (March 25, 1919).

5. That "the D. U. R. can give one-minute passenger service from the center of the city to Wyandotte, Dearborn, Royal Oak, Redford, Utica, Half Way on the Mt. Clemens line and Grosse Pointe, and to any point 100 feet from the present city limits, competing with the city cars, and all passenger fares collected will be a total loss to the city."
6. That there is no limit to the size of the interurban cars or the load they can carry.
7. That the company can haul freight through the city at any time.
8. That the company could charge what it desired for interurban passengers, freight and express service and was accountable to no one.
9. That the interurban cars would compete with the city lines for passengers within the city.
10. That the interurban will accept the transfers.
11. That the weight of the interurban cars would cause injury to the track and road bed for which the 30 per cent rental would not compensate.
12. That the mayor announced that the rate of fare would be six cents if the plan was adopted, thus wiping out the three cent fares on the three cent lines.
13. That as the proposed franchise gives the interurban control of all business originating beyond the present city limits, the company would

gradually gain control of all business on the main thoroughfares as the city limits were extended.

14. That the City of Detroit owns its own streets and wants no partners in them.
15. That under the proposed plan Mayor Couzens is trying to give the D. U. R. a perpetual franchise, which will place the people in franchise slavery forever.

The resolution was signed by F. F. Ingram, general chairman, municipal ownership committee; George William Moore, chairman judiciary committee; and Thomas L. Dalton, secretary and treasurer.

RESPONSE TO LEAGUE CHARGES—Both Mayor Couzens and the Street Railway Board answered the charges made by the League. Said the Mayor,²¹ "The statement is full of lies. One of the men I know lied and the others probably didn't take the trouble to look up the facts." He contended that the city was not paying three times the value of the system, for the pre-war value was shown to be \$27,500,000. "Whether a perpetual franchise is granted is a question already answered by the city lawyers. That interurban cars could compete with city cars and take the revenue is false, because the interurban can only carry interurban traffic. The size and weight of the interurban cars is regulated by the Street Railway Commission. These cars can run only under regulation of the commission, and

²¹*The Detroit Journal*, (March 27, 1919).

not any time day or night, as the league charges. The company would have no more rights under the agreement than it has now. The line cannot become a burden to the tax-payers. Furthermore, if the Municipal Ownership League disagreed with our plan, it had a chance to have the D. U. R. condemned, by the initiative and referendum to the people."

The street railway commission issued a statement March 29, attempting to show that not only would the cars be operated efficiently under municipal ownership but that an annual profit of \$125,173 would be earned in 1920 without any change in fares.²²

VERNOR AND DOW ON PLAN—In this struggle the opinions of two prominent men well qualified to discuss the subject should be considered. One was Councilman James Vernor who had been a party to the street car fight from the days of Mayor Pingree. Mr. Vernor insisted that,

1. If the franchise, as he chose to call the agreement, was approved by a three-fifths vote of the people it never could be revoked.²³
2. He objected to the terms under which the company would be allowed to run its interurban and freight cars in the city, stating that the arrangement was to the entire advantage of the company.²⁴

²²*The Detroit News*, (March 29, 1919).

²³*The Detroit Journal*, (March 25, 1919).

²⁴*The Detroit Journal*, (March 25, 1919).

3. The most significant charge brought against the plan by Alderman Vernor was that it would be granting a thirty-year franchise to the company for the operation of its interurban cars within the city. To substantiate his claim he quoted Article VIII, Section 29, of the new state constitution which reads, "No franchise or license shall be granted by any municipality of this state for a longer period than thirty years." As the agreement specified no terminating date for the operation of the interurban cars, the duration of the franchise, according to the constitution, would be thirty years.²⁵

Alex Dow, president of the Detroit Edison Company, supported Mayor Couzens in his purchase by agreement plan. He gave five reasons why he favored the plan.²⁶

1. Because he believed that it would improve the service. "At present the city's industries are supplied* because labor cannot get to and from factories. Rents are high and slum conditions are difficult of remedy because people must live where they get transportation—what does an eight hour day profit a laborer if he must spend two or three hours riding to and from work."
2. Because he did not believe that any franchise was liberal enough to permit the company to

²⁵*The Detroit News*, (April 2, 1919).

²⁶*The Detroit News*, (April 1, 1919).

*Obviously typographical error and should read, "not supplied."

secure new funds for improvements and extensions which would be accepted by the people.

3. Because purchase by agreement would be a far better plan than to build competing lines.
4. Because, as Mr. Dow stated, the \$31,500,000 was a compromise price, and whether or not it was excessive was only a matter of two opinions. "But," said he, "There can be only one opinion as to the sure wisdom of paying two millions for quick action.—I am for the purchase at \$31,500,000 and the sooner the better.
5. Because the Detroit Edison was one of the heaviest tax payers in Detroit, it was said that if the city bought the railway and the taxes went up the Detroit Edison would be hard hit. That contingency he did not fear but stated that "The best thing for the city of Detroit and the inhabitants thereof, as a whole, is always the very best thing for the Edison Company——Whatever helps industry and trade helps us in the long run."

The opinions of both Mr. Vernor and Mr. Dow were set forth in a fashion that would stimulate clear thinking rather than impassioned action.

THE VOTE—At the same time that the Couzens' plan was presented to the people there was also a charter amendment submitted providing for an issue of \$15,000,000 in bonds with which to make the initial payment to the traction company, should the

purchase plan carry. At the election on April 7, the Couzens' plan was defeated by a vote of ²⁷ 70,271 to 63,883. The charter amendment lost by a vote of 64,236 to 60,157.²⁸

Neither Mayor Couzens nor the Detroit United Railway officials commented on the results of the election.²⁹ John C. Lodge, president of the council, best summed up the situation when he said,³⁰ "The people have had a fair proposition put up to them twice. It seems as if they are for municipal ownership in the abstract but when a concrete proposal comes before them they balk at the price. What's the answer?"

²⁷*The Detroit News*, (April 8, 1919).

²⁸Burton, "History of Detroit", Vol. 1, p. 395.

²⁹*The Detroit News*, (April 8, 1919).

³⁰*The Detroit News*, (April 8, 1919).

CHAPTER XIX

STREET RAILWAY LABOR PROBLEMS

1900—1920

From 1900 to 1922 there were five strikes of the D. U. R. employees, and several additional disputes that nearly resulted in tie-ups. The first strike started September 20, 1911, and lasted three days; the second was called May 13, 1915, and lasted eighteen hours; the third commenced April 24, 1918, and lasted thirty-six hours; the fourth began June 15, 1919, and lasted five days.¹ With the exception of the strike of 1915, all were caused primarily by demands for an increase in wages. On each occasion the strike was settled by compromise.

STRIKE OF 1911

CAUSE—ARBITRATION ATTEMPTED—In 1911 the D. U. R. conductors and motormen, if they had been in the employ of the company for less than six months were receiving 23 cents an hour; those working less than eighteen months were getting 26 cents; and those who had been in the company's employ more than eighteen months were receiving 28 cents. The men demanded a raise of 2 cents per hour, increasing the maximum wage to 30 cents, the

¹*The Detroit Journal*, (June 12, 1919).

²*The Detroit News*, (May 13, 1915).

minimum wage to 24 cents, and wage of the middle group 28 cents an hour. The union also demanded a 12 hour day.

The men submitted their demands to the company on June 15. An arbitration board of three was planned, and June 20, the company selected George F. Monaghan as their arbitrator, the men, Judge Phalen. Out of over one hundred names submitted as the third member of the board, not one was mutually acceptable. Conferences between the parties were finally discontinued, and at 3:30 A. M. September 20, the strike was called. There were 2,400 men employed by the D. U. R.; 1,700 of those were members of the union, while 700 had not been employed sufficiently long to be eligible to membership. They had, however, been required to approve of the union policy before they had been employed 24 hours.

PHALEN BRINGS ABOUT SETTLEMENT—AGREEMENT—A few hours after the strike order, a conference of representatives of the company and the union was called. The Mayor, representatives of the Board of Commerce, and a number of business men were present. After a heated discussion between Judge Phalen and the company, Judge Connolly was called in as the third arbitrator. After an all day session with no agreement reached, Judge Phalen said to Mr. Brooks: "Mr. Brooks, you and I can settle this strike in a few minutes if we are left alone." They immediately removed to a side room.

Late in the evening the judge emerged, stating that an agreement could be reached if the men were willing. He hastened to the hall where the men were convened. After talking to them the men agreed to abide by whatever agreement he could make with the company. Judge Phalen then returned to the city hall and again went into conference with Mr. Brooks. At midnight the two men came out of the side room and announced that an agreement had been reached and that the strike was ended.

A compromise provided that the men were to receive $1\frac{1}{2}$ cents of the 2 cent per hour increase. As soon as the agreement had been signed, the men were rushed to the various car barns in automobiles, and in a short time cars were again running on schedule.

STRIKE OF 1915

CAUSE—The second strike occurred the middle of May, 1915. The occasion for the strike was the discharge of Peter J. Whaling, motorman on the Fourteenth Street line, April 26, as a result of an accident three days previously when car No. 60 jumped the track at Oakland Avenue. The company insisted that the accident was the result of Whaling's carelessness, but the union exonerated the man, declaring that the car was defective. The union further maintained that the accident was merely used by the company as an excuse to discharge Whaling, who was an active union leader.³ When the company refused

³*The Detroit News*, (May 13, 1915).

to reinstate the discharged motorman the union voted a strike, the men going out at 6:00 A. M. May 13, against the wishes of their leader, W. D. Mahon, who urged further consideration.⁴

POSITION OF COMPANY—While Whaling was being hailed as a martyr to unionism by the carmen, the company issued a statement to show that not only had the union broken its agreement to bring to arbitration all disputes, but that the discharged man had committed many more infractions of the rules than the one for which he was discharged. The records as presented by the company showed that the man had been reprimanded 64 times and had been laid off 13 times. Six out of the 13 layoffs had been for collisions, though he had in reality experienced 10 collisions.⁵

STRIKE SETTLED—Mayor Marx called into conference the members of the Street Railway Commission, officials of the D. U. R. and of the Union in an effort to reach some agreement. The city and the company ratified a plan which was then put up to Mr. Mahon, representing the street car men. Mahon at first refused to accept the agreement and a dramatic scene followed, in which John F. Dodge played the leading role. The meeting was held in the mayor's office at 11:00 P. M., May 13. A spectator said:⁶

"It looked as if no agreement could be reached. Both sides were holding out. Finally the plan as it

⁴*The Detroit News*, (May 13, 1915).

⁵*The Detroit News*, (May 13, 1915).

⁶*The Detroit Journal*, (May 14, 1915).

was finally adopted was typewritten. John Dodge looked it over and handed it across the table to President Mahon, of the Amalgamated Union.

"That's the best we can do," he said.

"Mahon took it, read it through, frowned and shook his head. Dodge leaped to his feet, reached across the table and snatched the paper from Mahon's hand.

"Fight then," he exclaimed. "If you're spoiling for a fight, go on and have it out. We've done all we can do for you. You came here looking for a fight—determined to have it. Well, fight then. We've done all we can do for you, and this is the best we can get. If you think you can do anything better, go to it. But I tell you, you're making a mistake in not taking what you can get, and waiting for the rest."

"Well, wait a minute," said Mahon, taking the paper again. The carmen withdrew and came back a few minutes later, saying that they had decided to submit the agreement to their union."

TERMS OF AGREEMENT—COST OF STRIKE—The terms of the compromise agreement as accepted by President Mahon provided (1) that the company would repair dangerous tracks, (2) that more running time for the cars would be allowed, thus avoiding haste, (3) that the case of Whaling be immediately submitted to arbitration, (4) that arrangements would be made for speeding arbitration in the future.

At a meeting in Equity Hall at 9:00 o'clock the next morning, the men accepted the plan,⁷ and cars were running two hours later.⁸

ARBITRATION BOARD REPORT—BROOKS' VIEW OF DECISION—The arbitration board created to dispose of the case of Peter Whaling was composed of James Cunningham, state labor commissioner, for the men; Stanford T. Crapo for the D. U. R.; and James Couzens as the third member.⁹ On May 27, they issued their decision, exonerating Whaling and recommended that he be reinstated. While the report did not claim that the discharged man was all that could be expected of a first-class motorman, it stated that "We believe this man (Whaling) is more the victim of the system of the company in the handling of its men than due to any particular fault of his own. More cordial and humane discipline would accomplish better results than the rough method now in force. The handling of the traffic and the treatment of the passengers could be greatly improved if a more cordial relation existed between the company and its employees."¹⁰ Although General Manager Brooks of the D. U. R. was furious regarding the decision he nevertheless complied with the recommendation of the board and reinstated Whaling.

⁷*The Detroit Journal*, (May 14, 1915).

⁸*The Detroit Free Press*, (May 15, 1915).

⁹*The Detroit Times*, (May 15, 1915).

¹⁰*The Detroit News*, (May 27, 1915).

LABOR TROUBLES IN 1916

LABOR'S DEMAND 1916 —Late in January, 1916, the conductors and motormen of division 26, Amalgamated Association of Street Railway Employees of America demanded shorter hours, better working conditions, and higher wages. The union explained its action by saying that "The high cost of rents and living surroundings have made it necessary for us to demand an increase of pay from the officials of the Detroit United Railway."¹¹ After numerous conferences, Assistant General Manager Burdick advised the men that if they would drop all the demands save that concerning wages, he would give them an answer. The union agreed, reserving the right to renew their demands if his answer was not satisfactory. Mr. Burdick said that he could not answer until a decision had been reached concerning wages on the interurban lines. The men were not contented with this; so they wrote Mr. Burdick saying that it was useless to continue their efforts through conference, and asked that either the company consider their demands or else agree to submit the question of wages to arbitration. The time limit for an answer was set at 10:00 the morning following.¹² The conductors and motormen were receiving at that time from 27½ to 35 cents an hour. The men demanded a wage of from 40 to 45 cents.¹³ The letter to Mr. Burdick also stated that the men had selected Judge

¹¹*The Detroit Free Press*, (March 25, 1917).

¹²*The Detroit Journal*, (March 24, 1917).

¹³*The Detroit Free Press*, (March 25, 1917).

E. J. Jeffries to represent them, and that he would be glad to meet with any arbitrator the company might select.¹⁴

When 10:00 o'clock the morning following arrived, no word was received from the company officials, but the men were notified that the officers were in conference. At 11:00 o'clock the company communicated with the employees, agreeing to arbitrate the question, reserving the right to delay five days within which to name an arbitrator.¹⁵

ARBITRATION BOARD SELECTED—POINTS FOR ARBITRATION —On March 27, E. J. Burdick forwarded the following letter to the union:

"Inasmuch as you decline to resume negotiations broken off by you, we are permitted no other alternative but to name an arbitrator.

"This is much to my regret, as I hoped that negotiations with your union might be continued to a satisfactory conclusion, but your position makes this impossible.

"I therefore desire to advise you that John A. Russell, of Detroit, has been selected as an arbitrator under the terms of the agreement."¹⁶

Judge Jeffries and Mr. Russell chose as the third member Judson Grenell, an efficient statistician, and a member of the International Typographical Union.¹⁷

¹⁴*The Detroit Free Press*, (March 25, 1917).

¹⁵*The Detroit Free Press*, (March 25, 1917).

¹⁶*The Detroit Free Press*, (March 28, 1917).

¹⁷*The Detroit Free Press*, (April 26, 1917).

The union had agreed to drop all questions for consideration but that of wages, provided the company would come to terms without arbitration. But when arbitration was finally resorted to, the union felt that it was not obligated longer to drop grievances. Its first demand was, higher wages. Stanley Anderson, president of the union, stated that at 27½ cents per hour, the schedule for the first six months' employment, drew only floaters to the job. Consequently they took little interest in the work, and carelessness lead to inadequate service and accidents. He said that a rate of from 40 cents to 45 cents would be asked. The union's second demand was for better hours of work, not less hours, but a more reasonable arrangement of hours. Forty-eight per cent of the men were required to spread a nine hour day over fifteen or sixteen hours. Some men were required to report at 5:00 A. M. and with intermittent layoffs were not able to complete their day's work until ten at night.¹⁸

THE AWARD—The arbitrators rendered their decision May 30, 1917, Judge Jeffries dissenting. The agreement provided:¹⁹

1. Conductors and motormen who had been in the company's employ one year would receive \$21.60 a week. The men were permitted to work seven days a week should they so desire, in which case they would receive \$25.20.

¹⁸*The Detroit Free Press*, (March 28, 1917).

¹⁹*The Detroit Journal*, (May 31, 1917).

2. The wage scale was set at 40 cents an hour for nine hours completed within thirteen hours. For additional time the rate was increased up to sixteen hours and after that time the men were to receive double pay.
3. Men on probation would receive an increased wage; for the first three months 30 cents an hour; for the next nine months 35 cents an hour, and the standard rate thereafter.
4. The men were to be paid in the future for time lost in making explanations to the claim department in case of accident.

There was considerable dissatisfaction on the part of the union over the results of the arbitration. It is not surprising therefore that the agreement served for but a year.

STRIKE OF 1918

LABOR'S DEMAND IN 1918—COMPANY OFFER—In May, 1918, the street car union again made demands upon the Detroit United Railway. The reasons given were: First, that the increased cost of living demanded an increased wage; and, second, that the men feared that the company was planning to reduce the rate of pay by hiring women as conductors and motormen at a much smaller rate than the men were receiving. The men would thus ultimately be laid off. The union did not object to women being hired, but they did object to "equal work with unequal pay." The union therefore demanded:²⁰

²⁰*The Detroit Journal*, (April 22, 1918).

1. A wage rate of 45 cents for the first three months instead of the rate of 30 cents then current.
2. A wage of 48 cents for the next nine months instead of 35 cents then paid.
3. A wage of 50 cents after the first year in place of the 40 cent rate then operative.
4. The discontinuance of "split runs" which stretched a nine hour day over 15 to 18 hours.
5. Time and a half for all overtime.
6. Regular pay for men called upon to testify in court.

The company responded to the employees' demands submitting the following compromise offer:²¹

1. A continuation of present hours and pay pending an investigation which might lead to an increased fare.
2. An increased wage if fares were increased.
3. Abolition of the "split run" so far as practicable.

STRIKE CALLED—Upon receipt of the company's offer the union held a mass meeting in Equity Hall. Only the insistence of Ransom Reeves, international organizer, and a few other calm spirits prevented precipitate action. Stanley Anderson, president of the local union, stated that he did not expect a strike, but if the company refused to comply with the demands of the union, the strike would be resorted to. A strike committee was named to handle the situa-

²¹*The Detroit Journal*, (April 22, 1918).

tion.²² That meeting was held on a Saturday night. The following Tuesday the union committee granted the company an extension of time in which to prepare an answer to the union demands. That same night hundreds of union men met at Equity Hall, and without the presence or sanction of their officials denied the right of its officers to extend the company additional time, and unanimously voted to strike Wednesday morning.

THE STRIKE—At five o'clock Wednesday morning traffic was tied up. Mayor Marx, D. U. R. officials, and the overruled and deposed union officers met in conference in an effort to settle matters. A meeting at the Armory was set for 2:00 P. M. to present to the men proposals for settlement. The strikers, numbering some 2,000, refused to comply, but instead elected a set of provisional officers with Edwin L. Miller as temporary chairman. Mayor Marx sent word to the men that if the strike was not called off he would call in troops to man and run the cars. In response to the Mayor's appeal Col. W. G. Latimer, of the state troops, responded, "My men are ready. We have six machine guns. These guns can fire 1,500 shots each per minute. We will place them in the square and meet the situation thus if need be. I think we can cope with any disorder."²³

At 1:30 Wednesday afternoon the D. U. R. dispatched to Mayor Marx a statement of its position as follows:²⁴

²²*The Detroit Journal*, (April 22, 1918).

²³*The Detroit Times*, (April 24, 1918).

²⁴*The Detroit Times*, (April 24, 1918).

"I have said to Mr. Mahon that if he would put the men back on the cars at once, we will resume negotiations with the committee as already constituted, meeting them at 2 P. M. tomorrow, as per appointment made yesterday, and in the event we do not come to any agreement, we are willing, since the matter affects our lines out in the state to submit the matter to the Michigan State railroad commission.

"If the suggestion is not accepted by 4 P. M. this afternoon, the company will offer to take back the old employees and to employ others at a rate of, say, as follows:

"First three months 35 cents per hour.

Next nine months 40 cents per hour. Thereafter 45 cents per hour.

All men will be rated according to present seniority status, and the company will ensure such satisfactory conditions as will enable the men to obtain good earnings.

F. W. BROOKS,
General Manager."

JEFFRIES CALLED—In the meantime the union had called a meeting which assembled at 10 o'clock Wednesday morning. They immediately sought Judge Jeffries to appear before them as councilor.²⁵ Upon his arrival he endorsed the demands made by the men but earnestly implored them to adopt some measure for bringing about an agreement in a peaceable manner. He was helped in his efforts by the

²⁵*The Detroit News*, (April 24, 1918).

arrival of the news that the Department of Labor at Washington had taken a hand and had wired Fred L. Feick, of Garrett, Indiana, to proceed to Detroit as government mediator. When acting President Miller read the news, the assemblage cheered and agreed to abide by the arbitrator's decision whatever it might be.²⁶

STRIKE CALLED OFF—At 11:15 Thursday morning, upon the arrival of Mediator Feick, a mass meeting attended by strikers convened. Their international president, W. D. Mahon, Mayor Marx, Col. Latimer and Mr. Feick, representing the war labor board were present. The result was that the men agreed unanimously to return to work at the old wage scale and to submit the points at issue to the Federal Board of Conciliation and Arbitration.²⁷ This Board was created by President Wilson April 10, 1918 to handle war labor disputes.

WAR BOARD'S DECISION—The case of the street car employees went before the war board the latter part of June, and on August 1, the decision was handed down. It provided:²⁸

1. "First three months, 43 cents an hour, next nine months 46 cents; thereafter 48 cents.
2. "No change in classes of runs as laid down by the arbitration board of 1917. Break or layoff time amounting to 45 minutes or less shall be

²⁶*The Detroit News*, (April 24, 1918).

²⁷*The Detroit Times*, (April 25, 1918).

²⁸*The Detroit Journal*, (August 1, 1918).

paid for at rates prescribed in this award and shall be considered part of the platform time.

3. "Sunday and holiday runs shall be straight with no more than eight hours time; night runs shall be straight with no more than eight hours time and with ten hours pay."

While the union officials felt that the award was unjust in that the advance in wages was under 50 cents an hour they agreed to abide by the decision. Said President Stanley Anderson, of the street railway men's association: "This is the most disappointing news that I have heard in some time, and I know that it will take the heart completely out of the street car men."²⁹

During the remainder of the war the city was not subjected to further labor difficulties resulting from disagreement between the D. U. R. and its employees.

POST WAR LABOR TROUBLES

During the intervening years from the close of the World War to the time the city purchased the street car lines in 1922 there were two street car labor disturbances in Detroit. The first precipitated a strike, the second nearly so.

CAR MEN'S DEMAND—In the spring of 1919 the motormen and conductors demanded an increase in wages. They claimed that the rate which they were receiving of 43, 46 and 48 cents an hour was inadequate in view of the advanced cost of living. They

²⁹*The Detroit Journal*, (August 1, 1918).

demanding an increase to 65, 70 and 75 cents per hour. Their business manager, Carey Ferguson, said that the men could get higher wages elsewhere and would leave the company's employ unless the advance was granted. In proof of the assertion he pointed out that just since the first of the year the labor turnover was over 1,500 men.³⁰ After seven weeks of waiting for an answer to their demands the employees became disgusted and asked Mayor Couzens for advice and assistance.³¹ He promised to take the matter up with the company in an effort to avert a strike.

CONFERENCES WITH D. U. R.—THEIR POSITION—Mayor Couzens immediately entered into negotiations with E. J. Burdick of the D. U. R. The company maintained that money was being lost and that under the rate of fare then in force an increased wage was out of the question. He asked that the company be allowed to charge a straight five-cent fare and one cent for transfers.³² While the mayor felt that perhaps an increase in fares would be justified he refused to accept Mr. Burdick's figures purporting to show that the company was losing money.³³ At a special meeting called May 26, the council voted to audit the company's books in an effort to ascertain whether an increased fare should be granted.³⁴ On June 3, the audit was made public. While it showed a profit

³⁰*The Detroit News*, (April 23, 1919).

³¹*The Detroit Free Press*, (May 20, 1919).

³²*The Detroit News*, (May 20, 1919).

³³*The Detroit Journal*, (May 20, 1919).

³⁴*The Detroit News*, (May 26, 1919).

for the first three months of the year the margin was so small that Couzens felt it would not justify an increase in wages without an increased fare.³⁵

After much deliberation and many conferences the situation stood as follows:³⁶

1. The men demanded:

While standing for an increased wage from 43, 46 and 48 cents to 65, 70 and 75 cents respectively, the men were willing to consider a compromise increase of 10 cents an hour.

2. The company demanded:

Five-cent fares with one cent for transfers.

"The abrogation of the Pingree line franchises (Harper, Fourteenth, Sherman and Crosstown) and elimination of workingmen's tickets." In return they would grant an hourly increase of 10 cents in wages.

3. The city was willing to concede:

Five-cent fares with universal transfers.

The abrogation of the Pingree franchises.

The company to grant a 10-cent increase in wages.

COMPROMISE—Each party to the controversy was firm in maintaining its demands. As a result of the deadlock the men struck and on Sunday morning June 8, not a street car moved in Detroit.³⁷ The city officials and mayor went into conference and for ten

³⁵*The Detroit News*, (June 3, 1919).

³⁶*The Detroit News*, (June 6, 1919).

³⁷*The Detroit Free Press*, (June 9, 1919).

hours every effort was made to come to some agreement. At the conclusion of the conference the union men were called together to listen to the compromise proposal agreed upon by the company and Mayor Couzens. The offer provided for 50 cents an hour for the first three months service, 55 cents for the next nine months, and 65 cents after one year's employment by the company. Only this part of the agreement was of interest to the men and they accepted the offer by a vote of 849 to 347.³⁸ The strike that started on Sunday morning ended Thursday afternoon.

TERMS AGREED ON BY CITY AND D. U. R.—The remaining points at issue settled at the conference were made public in the form of a court order issued by Circuit Judge Adolph F. Marschner. The summary as presented by the *Detroit Journal* follows:³⁹

1. "The D. U. R. to resume operation in one fare zone at five-cent fare with universal transfers for a trial period of three months.
2. "Board of Arbitration, one member chosen by city, one by company, and third by the two members, provided to determine 'reasonable and fair rate of fare'.
3. "Board cannot grant higher fare during ensuing six months than five cents and one cent for transfers, and rate so fixed cannot extend beyond six months period except by agreement.

³⁸*The Detroit Free Press*, (June 13, 1919).

³⁹*The Detroit Journal*, (June 12, 1919).

4. "City does not give up its three-cent line franchises, but court suspends three cent fares as 'temporary solution of problem.'
5. "Court retains jurisdiction to make further necessary decrees."

The city officials felt that the negotiations resulted in a complete victory for the city, and at the same time would add nearly one million dollars to the wages of the employees. Councilman John C. Lodge said, "I believe that the people of the city are more than compensated for the inconveniences to which they were put during the three day tie-up, by the overwhelming victory of the city."⁴⁰

WAGE CONTROVERSY OF 1920 — On April 17, 1920, the motormen and conductors employed by the D. U. R. asked that the wages be increased to 95 cents an hour for the first three months of employment, 98 cents for the next nine months, and \$1.00 an hour thereafter. In addition they asked for an eight hour day. The request was not limited to the men on the city lines, but extended to all the D. U. R. lines in the state.⁴¹ In response to the demand the company submitted a counter offer that extended some measure of relief to the interurban employees, but offered nothing to those employed on the Detroit city lines, nor did it pass on the eight hour day demand.⁴²

⁴⁰*The Detroit Journal*, (June 12, 1919).

⁴¹*The Detroit Free Press*, (May 13, 1920).

⁴²*The Detroit Free Press*, (May 13, 1920).

D. U. R. ASKS FARE INCREASE—The union objected to the proposal but asked that the matter be submitted to arbitration. Mr. Burdick appealed to the common council saying that the company would be willing to increase wages to 70, 73 and 75 cents per hour providing a six-cent fare was granted.⁴³ The council refused the company's petition and forwarded to the company the recommendation of the Street Railway Commission that the D. U. R. be responsible for a settlement of the wage controversy.⁴⁴ In an effort to avoid a strike, representatives of the city's leading commercial organizations appointed a committee with "unlimited authority" to try to bring about an amicable settlement.⁴⁵ The committee appealed to Judge Marsehner to call the parties concerned into court and compel them to arbitrate the question. The judge said he had no authority to do that unless one of the parties to the controversy made application to him for such procedure.⁴⁶

STRIKE AVERTED—On the last day of May the D. U. R. advised the men that until June 15 they would increase the wages to 70, 73 and 75 cents per hour, by which date they hoped to have come to terms with the city whereby an agreement for one year might be made with the men. In order to meet the increase the company stated that it was withdrawing the right of transfers. In a letter to the

⁴³*The Detroit Journal*, (May 19, 1920).

⁴⁴*The Detroit Journal*, (May 27, 1920).

⁴⁵*The Detroit Free Press*, (May 29, 1920).

⁴⁶*The Detroit Free Press*, (May 29, 1920).

council setting forth their agreement with the men the D. U. R. said that it had ordered an examination of its books in order to determine the effect of the plan upon expenses and with a view to coming to some definite settlement.⁴⁷

COUZENS OBJECTS —Mayor Couzens was much perturbed when the news of the settlement reached him. He said that the company had no right to abolish transfers. He advised the public not to pay their fare upon entering a car, until a transfer was given them. "The company," said he, "is announcing that it proposes to violate a law. The public is placed in a position where it must find out who owns its streets—itsself or the D. U. R."⁴⁸

The period of twenty-one years was a turbulent one in the field of labor. The citizens and the city administration felt that not only were they attempting to settle the question of municipal ownership, but at the same time were compelled to solve the problems of labor which rightfully should have been settled between the company and the men. The four strikes cost not only large monetary losses but intensified the bitterness between the D. U. R. and the general public.

⁴⁷*The Detroit Journal*, (May 31, 1920).

⁴⁸*The Detroit News*, (May 31, 1920).

PART IV

MUNICIPAL OWNERSHIP OF STREET RAILWAYS

CHAPTER XX

MAYOR COUZENS' MUNICIPAL OWNERSHIP PLAN OF 1920

THE PLAN

CASTATOR ORDINANCE—The defeat of Mayor Couzens' street car plan in 1919 only inspired him to further efforts to secure a municipally owned street railway. His first success was the unanimous passage of the Castator ordinance by the council embodying his new plan. This occurred January 27, 1920, and between that date and April 5 when the ordinance was presented to the voters for ratification, a lively campaign was waged. The plan contained five important features.¹ The people were asked to vote \$15,000,000 "for the acquisition of an independent, municipally owned and operated street railway system as outlined in Mayor Couzens' plan." The money would be spent as follows:

1. The city was to take over from the D. U. R. that portion of the Woodward Avenue line extending from the river north to Milwaukee Avenue, and the portion of the Fort Street line extending from Artillery Avenue to Baldwin

¹*The Detroit News*, (January 28, 1920).

The mileage figures for the day-to-day trackage were taken from *The Detroit News* of October 3, 1921.

Avenue. The franchises had expired on those sections of each line, and under the law the city had the right to require the company to remove its property from the streets at any time. The trackage amounted to 21.25 miles and the mayor was of the opinion that it could be purchased for some \$850,000.

2. The city was to take over certain other lines of the D. U. R., which for some time had been operated under the day-to-day plan. That is, the company had been allowed to make the extensions only on agreement that the city had the right to require the tracks removed at any time upon ninety days notice. The lines included in the plan embraced 29.478 miles, the cost to be \$1,370,000.
3. On the day following the election Mayor Couzens proposed to commence the construction of 100.75 miles of new track, at an estimated cost of \$70,000 per mile. The tracks to be laid were grouped A, B, and C according to the urgency of their need. The accompanying map designates the streets upon which the tracks were to be laid.
4. The city would purchase four hundred motor equipped cars at an estimated cost of \$10,000 each, and one hundred and fifty trailers at \$5,000 each, a total expenditure for cars of \$4,750,000.

5. One million would be spent for car barns, tools and equipment.

In addition the mayor had a plan whereby the city might save money. Should the gas car, with which Ford was then experimenting, prove practicable, Mr. Couzens hoped to substitute it for the electric car. Not only would the electrical equipment, he figured, be unnecessary, but the gas car would cost but half the price of the electric.

CAMPAIGN AND ELECTION—The campaign of 1920 was a bitter one. Many efforts were put forward to befog the issue. The D. U. R. engaged actively in the contest; a subway scheme was proposed as a substitute for municipal ownership; and a "Committee of 57" was organized to fight the Couzens plan.

D. U. R. ORDINANCE—The D. U. R.'s chief hope to defeat the Couzens' plan lay in bringing forth a counter ordinance. On March 13 a copy of the scheme was submitted to the Corporation Counsel Clarence E. Wilcox, containing the following provisions:²

1. The D. U. R. would turn over its city property to a new company which would do business directly with the city, while the interurban system would be operated separately.
2. The company would give up all rights in the city's streets, and for each of four succeeding years spend \$5,000,000 on improvements.

²*The Detroit News*, (March 14, 1920).

3. The city would demand immediate addition of 200 cars and 150 trailers, and before December 31, 1923, to replace all the single truck cars with double truck cars.
4. The city would require each year at least fifty miles of track.
5. The city would insist upon the creation of an arbitration board to settle all questions arising between the company and the city.
6. The city would demand five-cent fares and universal transfers until the arbitration board should otherwise direct.
7. The city would require the system to be appraised by the board of arbitration, and upon such valuation the city was required to guarantee the company a six per cent. return.
8. The city was to have the right to purchase the lines at any time during the life of the agreement at a definite figure to be fixed by the board of arbitration.
9. The city was to guarantee a franchise of thirty years duration.³

FATE OF PLAN—Corporation Counsel Wilcox ruled that the ordinance failed to meet the legal requirements and so could not be submitted to the people at the April election even though the company might secure the requisite number of signers to the petition

³*The Detroit News*, (March 22, 1920).

seeking that privilege. His reasons for rejection of the scheme were:⁴

1. It did not comply with the legal requirements of municipal legislation in thirty-nine specific instances.
2. It failed to express clearly the intentions of its framers.
3. It failed to protect the interests of the city.
4. It did "not conform to the laws which provide that such an ordinance must not be unreasonable, oppressive, unequal, unfair or discriminating."

The company appealed the decision to the Circuit Court. That body ordered Wilcox to approve the plan,⁵ but the ordinance did not appear on the April ballot.

MAYOR'S VIEW OF PLAN—Mayor Couzens characterized this plan as "an insult to the intelligence of the citizens of Detroit," and said that it "could be dismissed without a comment if it were not for the fact that Detroit has a large number of new citizens who are not familiar with the dishonesty and trickery of the D. U. R."⁶

SUBWAY SCHEME—In an attempt to divert the people from the main issue, agitation was started favoring the building of a subway as the only means

⁴*The Detroit News*, (March 17, 1920).

⁵*The Detroit News*, (March 27, 1920).

⁶*The Detroit News*, (March 15, 1920).

of improving the street car service. Regarding the scheme Mayor Couzens exclaimed,⁷ "Detroit hasn't gone crazy, and the average voter must be well able to see the point. The subway agitation is an effort to obscure the real question which is—shall we have more street cars and a more extended street railway system or not?"

COMMITTEE OF 57—The D. U. R. was aided in its campaign against municipal ownership by the organization of citizens known as the "Committee of 57."⁸ Headquarters were opened and plans made for an active campaign. All expenses incurred were to be met by contributions from its members, which included the names of many such prominent men as Philip Breitmeyer and William E. Thompson, former mayors of Detroit, and Sidney D. Waldon and Abner E. Larned, former members of the street railway commission. In announcing its organization the following statement of purpose was presented. "The presentation of these two plans each offering an alleviation of existing street car conditions has led to the formation of this committee, for the purpose of studying the two plans by comparison and analysis."⁹

OBJECTIONS TO COUZENS' PLAN BY COMMITTEE OF 57—In an advertisement appearing in the *News*, April 4, 1921, the Committee of 57 urged the people

⁷*The Detroit News*, (March 31, 1920).

⁸*The Detroit News*, (March 18, 1920).

⁹*The Detroit Free Press*, (March 16, 1920).

to reject the Couzens' plan on election day for the following nine reasons:¹⁰

1. "The program is for a divided street railway system. This cannot possibly serve the public, because the two systems cannot be *harmoniously* operated in harmonious relations with each other.
2. "There is no certainty that it will ever reach the center of the city. The so-called 'Judgment of Ouster' through which the city hopes to operate its lines on Woodward Avenue and Fort Street has already been declared by the United States Supreme Court to be involved in new arrangements made between the city and the railway company.
3. "There can be no certainty of any but a double fare, because the experience of every other city in which the plan has been tried has been that double fares resulted.
4. "Transfer arrangements are unlikely. It does not seem reasonable that the city can procure such an arrangement from a private corporation which it is *expressly seeking to ruin*. In this connection the citizens will remember the futile efforts to enforce connection between two competing telephone companies in the past.
5. "The experiment must eventually increase taxes. The opinion of former Federal Judge Alexis C. Angell is conclusive that the taxpayers must at

¹⁰*The Detroit News*, (April 4, 1920).

least pay interest on the Fifteen Million Dollars to be borrowed during one or two years of construction, and the Half Million Dollars of bonds to be repaid during the same period. These obligations involve One and a Quarter to Two and a Half Million Dollars which must come out of the taxes.

6. "The Ordinance submitted by the Mayor is Faulty. The Corporation Counsel having declared that there is no Purchase Clause in it, although the city is already bound under contract to purchase the so-called 'Day to Day' Lines. They cannot be condemned or torn up, the city solemnly obligated itself to purchase them.
7. "The city's demand for a subway will be jeopardized by the expenditure of fifteen millions of its credit which can better be saved for initiating a Subway System.
8. "The development of the water and lighting systems will be hampered under the provisions of the charter, by fifteen Millions of the Public Utility Bond Limited Credit.
9. "The investment is unwise, from the standpoint of eventual profit. Every American city which has engaged in municipal street railway operation has done it at a financial loss."

THE ELECTION—The issue was clear cut. It was a question of municipal ownership on terms laid down

by the city, and that part could not be obscured in spite of the many efforts put forth by the opposition. Whether right or wrong the majority of the people wanted a municipally owned street railway system and the Couzens' plan afforded them that opportunity. On election day, April 5, a heavy vote was cast, and when the count was taken it was found that the Couzens' plan had won by a majority of 63.565 per cent., while only a sixty per cent. majority was required.¹¹

D. U. R. CHALLENGE VOTE—In an effort to restrain the city from issuing \$15,000,000 in bonds, and proceeding to build a municipal street railway system two suits asking an injunction against the city were filed, one by the D. U. R. and the other by the New York Trust Company, trustee for the Fort Street line bondholders. The bill of complaint charged that the constitutional rights of the D. U. R. were being invaded and that it was the intention of the Mayor to compel the company to sell its property at an unfair price. In both cases the action was brought against the mayor, City Controller Steffens, the three members of the street railway commission, the members of the common council, and Corporation Counsel Clarence E. Wilcox.¹² The case came to trial before the city election commissioners on April 13. The D. U. R. attorney, William M. Donnelly, argued that "ninety per cent. of the ballots cast violated the voters

¹¹*The Detroit News*, (April 16, 1920).

¹²*The Detroit News*, (April 8, 1920).

right to the secrecy of their ballots and should therefore be thrown out in the recount of the votes on the car plan." The D. U. R. based this argument on two grounds:¹³

1. "That the ballot paper was of such light material that it was transparent and the way the elector had voted could be detected.
2. "That the tearing off of the corner of the ballot by the election inspector exposed the 'yes' or 'no' vote."

A recount of the votes was taken but the results were substantially the same as in the first counting, and after hearing the arguments of the attorney for the D. U. R. the commission overruled their protests.¹⁴

THE MUNICIPAL STREET RAILWAY

MAYOR'S MESSAGE TO THE PEOPLE—On the day following the election, and after the counting of votes made it certain that the passage of the municipal ownership plan was an assured fact, the Mayor issued the following statement to the public:¹⁵

"The people of Detroit have won the greatest victory in the city's history in the approval of the issuance of \$15,000,000 in bonds for the building of their own car lines. In the face of the most tremendous campaign of paid opposition the D. U. R. could organize they refused to be misled. They have reaped the fruits of their courageous fight of 25 years.

¹³*The Detroit News*, (April 13, 1920).

¹⁴*The Detroit News*, (April 13, 1920).

¹⁵*The Detroit News*, (April 6, 1920).

"Today Detroit stands ready to go ahead more rapidly than ever before in her already wonderful career. Under the whip of determined competition the D. U. R. must now furnish the service it has so long denied us.

"The workingmen and working women of Detroit are to be thanked for their approval of the proposition. Their stability and sound reasoning, despite the barrage of propaganda sent forth by the utility interests, have secured for them the opportunity to have relief from the wretched service which has been their lot for so many years.

"It is our intention to have excavation work started in the next 24 hours. The council will be asked today for permission to begin work on Charlevoix Avenue near Conners Road. This section of the lines will form the east end of the Mack-Myrtle crosstown line. All arrangements have been made with John Mercier to place his steam shovels and other equipment in place today.

"The entire country is watching Detroit in her new enterprise and once again we have a chance to prove that we are really the Dynamic Detroit we have boasted.

"The people of Detroit have done their part nobly. They have furnished their administration with the necessary finance to remedy our transportation troubles and I promise them that their officials will work night and day to warrant the confidence which has been shown them in the balloting."

WORK COMMENCED—At 10:30 A. M. the same day, the Mayor appeared before the common council securing their approval of his tentative arrangements, in order that he might immediately proceed with construction. He said that the taking over of the Fort Street and Woodward Avenue lines would not be attempted until later, and that in no way would the present traffic be disturbed until adequate cars and equipment had been provided. Plans were made for the immediate issuance of \$100,000 five per cent. public utility bonds¹⁶ in denominations as low as \$100 and \$50 in order that the public might have the opportunity of sharing more directly in *their* street car system.¹⁷ Promptly at noon on April 6, the Mayor broke ground for the long hoped-for municipal system. Besides reporters and motion picture men, Mr. Couzens was accompanied at the ground breaking by members of the street railway commission; Ross Schram, secretary to the Mayor; George H. Fenkell, chief engineer of the water board; Inspector Alvin Hicks of the Mayor's office; and W. B. Mayo, chief engineer of the Ford Motor Company.¹⁸

PROGRESS OF WORK—From April 6, work progressed rapidly. On July 9, work was started on Harper Avenue between Van Dyke Avenue and Gratiot Court. Later in the month the street railway board appointed J. S. Goodwin general manager.¹⁹

¹⁶*The Detroit News*, (April 6, 1920).

¹⁷*The Detroit News*, (April 7, 1920).

¹⁸*The Detroit News*, (April 6, 1920).

¹⁹Annual Report of the Department of Street Railways, 1923, p. 27.

On August 23, the laying of rails commenced with Mayor Couzens driving the first spike on the south track of the Harper line at the intersection of Harper and Marshall Avenues.²⁰

FIRST CAR—On Sunday, January 16, power was turned on to the first unit of the new municipal system at 10:40 A. M. Five minutes later General Manager J. S. Goodwin directed the first car, number 100, over the newly completed six and one-half miles of the St. Jean-Charlevoix routes.

REGULAR SERVICE—On February 1, the following year, service was officially inaugurated on Charlevoix Avenue from Alter Road to Bellevue Avenue, a distance of 7.9 miles. At the same time operation was commenced on St. Jean line from Kercheval Avenue north to Harper Avenue, a distance of 4.8 miles.²¹

The east side residents welcomed the new car lines. Six new cars were at once put in operation, ten on the Charlevoix line and six on the St. Jean line, with a five-cent fare with transfers and five-minute service.²²

EXTENSIONS IN 1921—During 1921 the municipal line was continually extended. The annual report of the Department of Street Railways of 1923 gives the date of completion and mileage of the various extensions as follows:²³

²⁰*The Detroit News*, (August 24, 1920).

²¹Annual Report of the Department of Street Railways, 1923, p. 29.

²²*The Detroit News*, (February 1, 1921).

²³Annual Report of the Department of Street Railways, 1923, pp. 28-29

Date	Location	Mileage
Feb. 1	Charlevoix Avenue from Alter Road to Bellevue	7.9
Feb. 1	St. Jean from Kercheval to Harper	4.8
April 19	St. Jean from Harper to Gratiot	.8
Aug. 10	Charlevoix from Bellevue to Dequindre	3.3
Aug. 25	VanDyke, Charlevoix to Harper	3.9
Aug. 25	Charlevoix-Buchanan, from Dequindre to Junction	9.2
Sept. 12	Moran-McDougall, from Moran to Cass	7.6
Oct. 25	Clairmount, from Colby and Russell to Joy and Grand River	8.7
Dec. 15	Fenkell, from Davison and Oakman to Fenkell and Livernois	3.6
Dec. 15	Davison, from Davison and Oakman to Davison and Livernois	3.2

By this time operation had been started on all municipal lines excepting a short piece on Harper and McGraw Avenues.

FINANCE OF ROAD—As work progressed bonds were issued from time to time to meet the increasing expenses as provided for under the Couzens' plan as adopted by the voters on April 5, 1920. The total value of bonds issued amounted to \$15,000,000 par value.²⁴

By the summer of 1922 the municipal street railway had become an actuality,—a going concern serving the transportation needs of large sections of the city.

²⁴Annual Report of the Department of Street Railways, 1923, p. 14.

CHAPTER XXI

STREET RAILWAY EVENTS OF 1921

THE DETROIT SERVICE-AT-COST-RAILWAY PLAN

D. U. R. FINAL EFFORT—On January 10, 1921, the D. U. R. initiated a final effort to secure a new long term franchise from the city to cover the one-fare zone lines. On that date the Company Attorney, Elliot G. Stevenson, filed with Corporation Counsel Clarence E. Wilcox a service-at-cost ordinance which it desired to present to the people at the spring election.¹ The plan was not a new one, but was similar to plans previously adopted by Toledo and Cleveland,² in an attempt to settle their street railway problems. A year earlier the D. U. R. had sought to put this plan before the people, but it failed to be placed upon the ballot at election time.

PROVISIONS OF PLAN —The proposed ordinance is too lengthy to quote, but a brief statement of its major provisions is essential to an understanding of the plan.

1. The life of the ordinance was to be thirty years, or longer, at the option of the city.
2. A new street railway company was to be created, to be known as the Detroit Service-At-Cost

¹*The Detroit Times*, (January 10, 1921).

²*The Detroit Journal*, (January 13, 1921).

Railway, which would operate all lines within the city with the exception of the lines on the three following rights of way:

- a. The right of way belonging to the Detroit, Monroe & Toledo Short Line Railway from the River Rouge to Fort Street, west.
 - b. The right of way of the Rapid railway on the southerly side of Gratiot Avenue from the Detroit terminal tracks to the city limits.
 - c. The right of way of the Stephenson line extending from Woodward Avenue to the city limits.
3. All extensions, routings, schedules, and other details of operation were to be under the control of the common council and the company was to provide a \$2,500,000 sinking fund for extensions and betterments.
 4. The city was to have a voice in all agreements that might be made with motormen and conductors concerning wages and working conditions.
 5. The ordinance gave the city the right to purchase the company's lines at the end of any year. Further, the city was given the right to lease the lines at the expiration of any five year period at a rental of six per cent on the valuation.
 6. The value of the property would be determined by a board of arbitration.
 7. The rate of fare was to be sufficient, but no more than sufficient to pay all items of cost plus

six per cent. on the fair value of the property excluding the franchise value.³ The rates of fare were to be graduated in half-cent steps according to the *Times*. "At the end of each three months period the rate of fare may be changed, if the revenue is shown to be too great or too little. A stabilizing fund is established as a barometer for fares. This fund is to be created in an amount equal to two per cent. of the system's value as shown by the inventory. The company is to furnish it and it shall form a portion of the investment on which the company receives six per cent. On or before the twentieth day of each calendar month, the company shall deposit in the stabilizing fund any surplus of revenue of the preceding calendar month over the six per cent. allowed or shall withdraw therefrom any deficiency of such revenue. As often, as the stabilizing fund falls below one per cent or rises above three per cent. of the value of the street railway system, a change of fare shall be required, provided that existing rates have been in effect at least three months."⁴

8. The city comptroller and the city treasurer were to be members of the board of directors.⁵
9. Creation of a board of arbitration to settle points of dispute arising between city and company.⁶

³*The Detroit News*, (March 7, 1921).

⁴*The Detroit Times*, (January 10, 1921).

⁵*The Detroit Times*, (January 10, 1921).

⁶*The Detroit News*, (March 7, 1921).

10. Company was to pave between the tracks and to the outer edge of ties.⁷

OPPOSITION TO THE PLAN—Opinion was divided regarding the wisdom of accepting the service-at-cost plan. Much was written on both sides of the question. At the request of Mayor Couzens, Delos F. Wilcox, an authority on the subject of public utilities, made a detailed analysis and criticism of the proposed ordinance. The chief defender of the plan was F. W. Brooks, president of the D. U. R., who answered in detail the twenty-two objections made by Dr. Wilcox.⁸

Many prominent citizens also objected to the plan. John C. Bleil, who was a member of Pingree's council declared that the D. U. R. was the same old octopus in 1921 that it was in 1894, and that granting the franchise would mean another thirty years of litigation.⁹ Judge E. J. Jeffries declared ¹⁰ that the question was, "Shall we trust the D. U. R., or shall we trust the City of Detroit? The city government may go wrong some time but the D. U. R. goes wrong all the time." Said R. H. Fyfe:¹¹ "All business men know the D. U. R. ordinance is unfair—In my opinion, it would not only be disastrous but suicidal for this great city to give the exclusive right of its streets to any organization whatsoever for transporta-

⁷*The Detroit News*, (March 7, 1921).

⁸*The Detroit Journal*, (March 26, 1921).

⁹*The Detroit News*, (April 21, 1921).

¹⁰*The Detroit News*, (March 30, 1921).

¹¹*The Detroit News*, (March 22, 1921).

tion purposes, no matter what that organization promises to do, or how generous and philanthropic it may be." Earnest M. Elkan, manager of the Kercheval-Concord Branch of the Peninsular State Bank characterized the scheme as an "insult to public intelligence." Many of the city councilmen were opposed to the scheme, among them James Vernor¹² who, in a letter to the *News* said that "the City of Detroit can do anything for itself that any one can do for it, and the financial ability of the nickel can be relied upon to bring success." In speaking of the past actions of the D. U. R. and their promises for the future he said: "Can an organization that has acted as it has in the past be relied on to do any better in the future?" Mayor Couzens was in the thick of the fight stoutly opposing the plans presented by F. W. Brooks and the traction company.

THE VOTE—At the election on April 4, the opinion of those opposing the plan was verified when the D. U. R. ordinance was defeated by a vote of 92,013 to 52,961. The favorable vote amounted to but 36.5 per cent.,¹³ whereas a sixty per cent. vote was required to carry the scheme.

THE DAY-TO-DAY LINES PURCHASE PLAN

DAY-TO-DAY AGREEMENT—The city council granted the D. U. R. permission to extend its lines on and into certain streets, but refused to give the com-

¹²*The Detroit News*, (March 11, 1921).

¹³*The Detroit News*, (April 5, 1921).

pany any franchise extensions in the streets. It was agreed that at any time the city could require the company to tear up its tracks in those particular streets or else require them to sell the tracks to the city at a price agreed upon by a board of arbitration.¹⁴

DAY-TO-DAY LINES—The municipal ownership advocates advised the purchase of the day-to-day lines by the city and to put the matter before the people for decision at the April election. The specific lines specified by the proposal comprising about twenty-five miles of track were:¹⁵

1. The double track on Twelfth Street extending from Ferry Park Avenue north to Elmhurst Avenue.
2. The double track on Warren Avenue running west from Junction Avenue to Walton Avenue.
3. The Grand Belt line running on Jefferson Avenue from Fort Street West to Warren Avenue west.
4. The Epworth Boulevard line as far as Grand River Avenue, running on Epworth Boulevard, Dailey and Highfield Avenues.
5. The North Grand Belt line commencing at Fourteenth and Ferry Park Avenues, extending on Ferry Park, Holden, Milwaukee and Baltimore Avenues to the intersection of Mt. Elliott and Harper Avenues.

¹⁴*The Detroit News*, (February 8, 1921).

¹⁵*The Detroit News*, (February 8, 1921).

6. The Linwood line running from Fourteenth Street and Ferry Park Avenue on Linwood to Joy Road.
7. The Loop line at the D. U. R., terminus "on Kercheval from St. Jean Avenue to Hart Avenue with a single track on both Hart and Lycaste between Kercheval and Jefferson Avenues."
8. The Hamilton line extending from Holden and Greenwood Avenues to the city limits.

THE VOTE—These lines would be purchased out of the \$15,000,000 authorized by the voters in April, 1920. During the campaign little was said regarding the purchase plan of the day-to-day lines. The time was taken up in fighting over the D. U. R. franchise scheme. But on election day the people confirmed their confidence in Mayor Couzens by voting to buy the day-to-day lines, giving the plan a 66 per cent. vote. The plan was really passed upon the previous year, but to satisfy legal formalities it was necessary to present it again to the people in 1921.¹⁶

LINES ACQUIRED—An arbitration board was at once chosen. On the board were Wm. H. Maybury, representing the city, H. E. Riggs, of the University of Michigan, representing the D. U. R., and W. E. Davis, commissioner of light and heat at Cleveland,¹⁷ the third member chosen by the first two. On September 7, the board went into conference, and on

¹⁶*The Detroit News*, (April 5, 1921).

¹⁷*The Detroit News*, (July 14, 1921).

October 3, unanimously agreed upon a price of \$1,605,000 for 29.478 miles of Detroit United Railway day-to-day agreement lines. In addition a price of \$692,277 was set for the purchase of 105 double truck cars and 25 trailers, together with miscellaneous equipment desired by the city. The total to be paid the company by the city amounted to \$2,297,277.¹⁸ On December 21, a check for the total was drawn¹⁹ and two days later the city entered into possession of the day-to-day lines.²⁰ The additional trackage nearly doubled the municipal system, which up to that date had completed sixty miles of street railway track.²¹

THE OUSTER ORDINANCE

AUTHORITY FOR ACT—CITY'S OFFER REJECTED—
In the election of 1920 the voters declared their desire that the city take over those portions of the Woodward Avenue and Fort Street lines upon which the franchises had expired. It included, in the Woodward line the track from the river north to Milwaukee Avenue, and on the Fort Street line from Artillery Avenue to Baldwin Avenue,²² a total of 21.25 miles²³

In the summer of 1921 the city desired to purchase the lines, but the D. U. R. declined to set a price, declaring that the price should be set by the Street

¹⁸*The Detroit News*, (October 31, 1921).

¹⁹*The Detroit News*, (December 21, 1921).

²⁰*The Detroit News*, (December 23, 1921).

²¹*The Detroit News*, (October 3, 1921).

²²*The Detroit News*, (July 18, 1921).

²³*The Detroit News*, (July 15, 1921).

Railway Commission. After a survey by the engineers directed by the commission the company was offered \$338,000, ²⁴ approximately \$18,259 per mile.²⁵ The offer was rejected.²⁶ Under a ruling of the United States Supreme Court of 1913, reaffirmed in February 1921, the city had the right by giving ninety days notice to order all tracks upon which franchises had expired removed from streets. The city, therefore, passed an ouster ordinance.

OSTER ORDINANCE OPPOSITION—To be sure of its position the council submitted the ordinance to a referendum at the November election.²⁷ The plan was opposed by the Public Utilities League, of which George R. Thalman was president. He directed the campaign against the ouster ordinance by circulating cards among the business men containing the following:²⁸

“Realizing the necessity of a retrenchment from the policy of unlimited expenditures of the taxpayers money, I desire to have my name enrolled as an associate member of the Public Utilities League, and in consideration thereof, promise and agree to work faithfully for the betterment of the public utilities of the city. It is fully understood that in the signing hereof I declare myself unutterably opposed to

²⁴Annual Report of the Department of Street Railways, City of Detroit, 1923, p. 28.

²⁵*The Detroit News*, (July 15, 1921).

²⁶Annual Report of the Department of Street Railways, City of Detroit, 1923, p. 28.

²⁷*The Detroit News*, (November 9, 1921).

²⁸*The Detroit News*, (October 5, 1921).

municipal ownership of the street car lines in Detroit, and consent to the use of my name in connection with said League and the purposes thereof upon any proper occasion.”

Mr. Thalman declined to give the names of the other officers of the league or list of its membership, stating that the people were better off voting in the dark than to be misled by knowing all the facts.²⁹ The opposition was unsuccessful, for the ordinance carried by a vote of 72,030 to 36,819. The vote in favor amounted to 66 per cent. while a majority vote was required.³⁰

MUTUAL RUNNING PLAN OF D. U. R.—With no other alternative the D. U. R., in order to save the Fort Street and Woodward Avenue trackage, advised the city on November 17, 1921, that their board of directors had approved a plan for mutual running rights.³¹ On December 9, an agreement was reached.³² The plan provided for an interchange of running rights over 69.1 miles of D. U. R. track and over 36 miles of municipal ownership tracks, including the 29 miles of day-to-day trackage that the city had purchased. Each party was to pay twenty cents a car mile for each car mile it operated over the other company's tracks.³³ Universal interchange of transfers

²⁹*The Detroit News*, (October 5, 1921).

³⁰*The Detroit News*, (November 9, 1921).

³¹Annual Report of the Department of Street Railways, City of Detroit, 1923, p. 29.

³²Annual Report of the Department of Street Railways, City of Detroit, 1923, p. 29.

³³*The Detroit News*, (December 2, 1921).

was provided for. The agreement was on a day-to-day basis, either party to the contract being at perfect liberty to abrogate it at any time.³⁴

By January 16 joint operation was established on the Trumbull line from Davison and Oakman Avenues, on the Woodward and Hamilton lines, and on the Fort Street line.³⁵ Not only did the company profit by the arrangement, by not having to comply with the ouster ordinance, but the general service was greatly improved, and the municipal street railway had become an integral part of the transportation system of Detroit, for by the arrangement it reached the down town portion of the city.

³⁴*The Detroit News*, (December 15, 1921).

³⁵Annual Report of the Department of Street Railways, City of Detroit, 1923, p. 29.

CHAPTER XXII

MUNICIPAL OWNERSHIP ACHIEVED

CONTRACT WITH D. U. R.

NEGOTIATIONS WITH THE D. U. R.—TERMS OF CONTRACT—James Couzens and the advocates of municipal ownership were not content with the partial victories of 1920 and 1921; they demanded one hundred per cent municipal ownership of the street car systems of Detroit. With that in mind the Mayor arranged a series of conferences with street railway officials which culminated in an agreement whereby the company would sell its city properties to the municipality at a set price, subject to the approval of the voters. The final conference was held on March 11, 1922, when the contract was signed by representatives of both parties, Griffith Ogden Ellis, chairman of the Street Railway Commission and Ross Schram, secretary, signed for the city, while the D. U. R. signatories were: Louis A. Gosselin and A. Avila Gingras, directors; E. J. Burdick, general manager, and Elliot G. Stevenson, attorney for the company. The document was witnessed by Clarence E. Wilcox, corporation counsel, H. H. Esselstyne, railway commissioner, C. A. Handy, and B. D. Connolly.¹ By the terms of the contract the city agreed:²

¹*The Detroit News*, (March 11, 1922).

²*The Detroit News*, (March 11, 1922).

Note: This \$19,850,000 did not include materials, supplies on hand,

1. To purchase from the D. U. R. all the remaining street railways, property, franchises and rights in the cities of Detroit, Hamtramck, Highland Park and Springwells for \$19,850,000 and to make a down payment of \$2,770,000 in cash on or about May 15, 1922, the balance to be paid in nineteen semi-annual installments of \$500,000 at six per cent. interest on the unpaid balance.
2. To operate the purchased property as a street railway until all the payments were made.
3. To purchase all supplies that the company might have on hand at the market price upon taking possession of the property, May 15.

The company agreed:³

1. To sell its properties within the city limits for the sum agreed upon.
2. Not to give title to the city until the final payment was made.

It was mutually agreed:⁴

1. That the interurban service was not to be disturbed; the interurban cars to be subject to the street railway board while using the city tracks, the compensation for such use to be agreed upon by the company and the city.

³*The Detroit News*, (March 11, 1922).

⁴*The Detroit News*, (March 11, 1922).

nor did it include parts of the shops and terminal lands and other property reserved by the D. U. R. The added amount to be paid by the city was later determined without arbitration. (H. E. Riggs).

2. That the city does not agree to make itself liable in any way for the purchase price, and that the municipal system would in no way be affected by the agreement.
3. That the interest from the city was to be used by the company in paring down its bonded indebtedness, while the city in its turn would keep the property insured to two-thirds of its value.
4. That in case of default on the part of the city, the D. U. R. might gain redress through applying to a court of equity to obtain specific performance, and through any lawful agency take possession of the property, or foreclose.
5. That upon delivery of property to the city it was agreed that all books and documents necessary to the efficient operation by the city were to be turned over to the city.
6. That upon delivery all pending law-suits between the parties should be discontinued.
7. That the company was not to place any additional mortgages or liens upon the property.

A degree of satisfaction was felt by the public for the agreement was clear cut, and the price was not excessive. The most gratifying portion of the contract, however, was that concerning the city's freedom from all liability in case of default. Then, too, the people had experienced a brief test of municipally owned cars, and many found them satisfactory.

PUBLIC OPINION

ATTITUDE OF LEADING CITIZENS—JEFFRIES—FYFE—MAYBURY—FORD—The newspapers carried many statements concerning the desirability of passing the ordinance. Judge Edward J. Jeffries, whom it will be remembered played an active part in various labor disputes said:⁵

“The time has arrived when the street car question can be settled permanently, taken out of politics, and (the system) be made a utility with service to the people as its cardinal virtue.

“There is not much to be said on this situation, and while the Mayor is very generous in his purchase price, it is self-evident that the people of Detroit ought to accept the Mayor’s preferred purchase price and complete the plan of public ownership.”

R. H. Fyfe believed that the people should and would vote to buy the D. U. R. by an overwhelming majority, “for in the past the citizens of Detroit never failed,” said he, “to express themselves at the polls when their best interests were at stake.”⁶ Former Mayor William H. Maybury said that viewing the plan from any angle it was an excellent proposition for the city.⁷ The word of no man would carry more weight in business circles than that of Henry Ford, and on the day prior to election he gave his opinion concerning municipal ownership. He said:⁸

⁵*The Detroit News*, (April 9, 1922).

⁶*The Detroit News*, (April 14, 1922).

⁷*The Detroit News*, (April 15, 1922).

⁸*The Detroit News*, (April 16, 1922).

"You know I have never been very strong for municipal operation of anything—not as a general principle—municipal ownership of many things may be all right, but there have been instances where city administrations have failed to operate public utilities because they did not apply the sound methods used in private business. In Detroit, however, it has been different. We have been fortunate in having behind our public utilities under municipal operation good, able business men who have made a success of municipal operation."

When asked if he thought Detroit was taking the right step in voting to purchase the D. U. R. he continued:

"Yes, I do—and I'll tell you why. For private ownership or public ownership to be a success, one or the other must have the whole field to itself. If Detroit is to have part D. U. R. service and part municipal service, neither service will succeed; both will go bankrupt in no time. But the people of Detroit are determined to have municipal ownership; they've voted again and again for it and now they've got so far toward a municipal system that I believe the time has come for the municipal lines to have the whole field. Give them a chance to make good."

OPPOSITION ARGUMENTS—The criticism of the mayor's procedure in regard to the street car question was of a dual nature. It involved not only objections to the purchase of the D. U. R., but also disapproval of the municipal system thus far constructed. The

objections to the acquisition of the D. U. R. properties were⁹ (1) that the properties were antiquated and worn out, (2) that soon the trackless motor or automobile would supplant electric transportation, (3) that the joint operation arrangement as regards transfers between the city and the company meant in fact but one system, and (4) the real solution of the problem was the construction of a subway system. The municipal line which went into operation February 1, experienced the following objections:¹⁰ (1) that the quality of the road bed was poor, (2) that the employment of an engineer at a large salary was a waste of money, and (3) that the cars were small and inadequate.

THE ELECTION OF APRIL 17, 1922

THE VOTE—Monday, April 17, 1922, was an important day in the history of Detroit. On that day the people cast 55,669 votes in favor of buying the D. U. R. properties, and only 12,243 against. That was an 89.1 per cent. vote for the scheme, while a sixty per cent. majority was required. The thirty years of struggle between the people and the privately owned traction companies was ended.¹¹

THE MAYOR'S ANNOUNCEMENT—As the champion of municipal ownership, Mayor Couzens made the statement, "We will now start building. We are going to give Detroit the best street railway system in the

⁹*The Detroit News*, (March 16, 1922).

¹⁰Burton, "The City of Detroit", Vol. 1, p. 395.

¹¹*The Detroit News*, (April 18, 1922).

world. We're going ahead carefully. We are not supermen and we will not be able to revolutionize things over night. But we believe the public will be patient and not expect too much right at the beginning. We plan to feel our way carefully and avoid making any costly mistakes. . . . The municipal ownership system is going to be financially a success, first, last and all the time. We will operate 'on our income.' ''¹² In addition to paying for the system out of earnings the mayor was confident that the municipal lines could likewise care for all the needed improvements in the newly acquired property.¹³

THE LAST WORD OF THE D. U. R.—The D. U. R. had made its last fight in the interests of private ownership. From that date the company had to be content with operating its interurban lines. On the day following the defeat at the polls E. J. Burdick, vice-president and general manager of the D. U. R., gave the following interview:¹⁴

"While I am not a believer in governmental or municipal ownership of any public utilities, however, as the manager of this property, and as a citizen of Detroit, I bow to the will of the great majority. Many erroneous statements have been made respecting the condition and value of the property as it exists today and it is only fair to all concerned to state that the taking over of this property at the

¹²*The Detroit News*, (April 18, 1922).

¹³*The Detroit News*, (April 18, 1922).

¹⁴*The Detroit News*, (April 18, 1922).

price paid is over \$10,000,000 below its actual present day worth.

“The property as it stands, with a reasonable expenditure of money, can be made one of the best going concern railroads in the country, and with this great under-capitalization and with the fact that it is a great going concern with an excellent organization, there is no reason why the city should not succeed in this venture.

“Had we in the past been given definite rights whereby we could have gone to the money markets of the world and secured cash to make the reasonable extensions and betterments to service, we would have been able to avoid many of the arguments that have from time to time arisen. Destiny, however, did not seem to decide things in this manner, and although the people who have had their money invested are great losers, there is nothing for us to do but make the best of it, take our losses and as good citizens boost rather than knock. We, therefore, stand ready to do anything we can to facilitate this undertaking.

“Our interurban properties are among the best in the country and it will be our every endeavor to further substantiate them, and in so doing feel we are in accord with the high constructive policy which has made Detroit and vicinity what they are today.”

THE DEPARTMENT OF STREET RAILWAYS

TRANSFER OF D. U. R. PROPERTY—DAILY BULLETIN—At midnight May 14, 1922, the possession of the city lines passed from the D. U. R. to the City of

Detroit. From that date the term D. U. R. yielded to D. S. R., the Department of Street Railways. There was no confusion, no interruption of service, and no displacement of platform men. Both the city and D. U. R. employees had been instructed as to their various duties and all obeyed with precision. In an effort to acquaint the public with the functions of their new possession General Manager J. S. Goodwin, conceived the idea of issuing a daily bulletin containing detailed information regarding the new municipal system. The first bulletin was issued the morning of the transfer, and dealt with the making of schedules, the choosing of car operatives and the use of transfers. The contents of that first message to the public follows:¹⁵

"The present city service requires approximately 60 schedules for its lines. These schedules define a certain 'headway', which is the time space between cars. It requires from one to four days to build new schedules, and a minimum of 48 hours to put them into effect.

"Each schedule, when completed, gives each car crew an accurate running time for one complete round trip. For instance, a car crew operating under the Woodward Avenue schedule learns that it has a round trip running time of 1 hour 34 minutes.

"When accidents or congestion destroy this interval of spacing, there are inspectors along the line whose duty it is to instruct crews about the quickest and best way to get back on their schedules.

¹⁵*The Detroit News*, (May 15, 1922).

"If the traffic on a certain line requires a new schedule to be made, all of this detail having to do with as high as 85 car crews must be systematically built up, and after that the senior men among the crews must be given an opportunity to select the runs they desire, their choice based principally upon the most desirable continuous hours of labor.

"It is the departments' intention to study each line schedule with a view to improving service wherever possible.

"The transfer combinations within the one-fare zone run into the hundreds. With an operating force of 3,500 platform men, any new transfer regulations are difficult to execute without several days' education for both the public and platform men.

"The department wishes to extend the greatest possible use of the transfer in any one direction, and will revise the transfer regulations, from time to time as studies are completed.

"This department will give consideration to every written request for traffic information, especially as pertains to transfer."

The transfer meant that Detroit owned the largest municipal street railway system in the world.¹⁶ It included tracks not only in the City of Detroit but in Highland Park, Hamtramck, Springwells and Grosse Pointe, comprising approximately 373 miles of track, with a total of 1,457 cars.¹⁷ With the transfer of May 15, 1922, the city's investment in street railways

¹⁶*The Detroit News*, (April 18, 1922).

¹⁷Annual Report of the Department of Street Railways, 1923, p. 30.

mounted to \$33,659,913, a summary of which follows, taken from "Report and Findings of the Board of Arbitration."

	City Con- struction	Day to Day Lines	Contract Mar. 10, '22	Total
Way and Structures	\$ 7,500,031	\$1,546,347	\$11,546,745	\$20,593,123
Equipment	3,011,782	694,354	4,172,470	7,878,606
Power	3,980	1,714	1,762,680	1,678,374
General and Misc.	986,866	64,839	2,368,105	3,419,810
Total	\$11,502,659	\$2,307,254	\$19,850,000	\$33,659,913

ORGANIZATION OF DEPARTMENT¹⁸—The Department of Street Railways organization was more simplified than the corresponding body of the D. U. R. There was to be a general manager with seven department heads forming an executive staff as indicated below:

1. The superintendent of transportation, who had complete control over rolling stock, trainmen, routes and schedules.
2. The superintendent of equipment, who was made responsible for the physical upkeep of all rolling stock.
3. The electrical engineer, whose sole task was to control the distribution of power, and to maintain in good condition the overhead lines.

¹⁸*The Detroit News*, (May 15, 1922).

4. The auditor, who was responsible for the collection of all revenues and for general accounting.
5. The claims attorney, who was responsible for the adjustment of all claims occasioned by accident.
6. The engineer of maintenance, who was to be responsible for the condition of the tracks.
7. The supervisor of supplies, who would have control of all supplies and their disbursements.

A SUMMARY OF THE EVENTS OF THE "THIRTY YEARS WAR"
CULMINATING IN A MUNICIPALLY OWNED STREET
RAILWAY SYSTEM IN DETROIT

With municipal ownership of the traction lines in Detroit thus outlined it will prove of interest to review briefly the major events leading up to the victory of April 17, 1922.¹⁹ From the day of the Hendries and their horse cars Detroit had a street railway problem. For thirty years it was the all-important question in every mayoralty campaign, from Pingree to Couzens. Every candidate sought office on a street car settlement platform, but each mayor up to 1919 retired from the city hall with the perplexing question unsolved. Pingree stated the problem and launched the war; Couzens solved the problem and ended the conflict.

BATTLE BEGUN IN 1891—Hazen S. Pingree who became mayor in 1890, sensing the demand of the people for municipal control of the street railways,

¹⁹*The Detroit News*, (April 18, 1922).

met the issue of lowering fares by bringing in a competing line. While he desired municipal ownership he knew that he must wait until the state constitution had been revised, new statutes passed by the legislature, and the adoption of a new city charter. The new three-cent line, operated by Pack and Everett, commenced operation in 1895, with their franchise running for thirty years. Pingree's second move was an effort in 1899 to create a city commission to purchase and operate all the street car lines for the city. He was aided in that attempt by Tom L. Johnson, president of the Citizens' Company line, and competitor of the Pack-Everett road. Distrusting Johnson and doubting the business sagacity of their champion, the people voted down the plan and Pingree retired from public life without accomplishing his desire. During the years that Pingree was aiming to gain control of the street car system either by ownership or competition Tom Johnson quietly acquired direct control not only of the old lines but of the Pack-Everett line which Pingree had established. By 1901 there was but one railway system in Detroit organized under the corporate name of the Detroit United Railway.

MAYOR C'ODD—MAYOR THOMPSON—In 1906 Mayor George Codd attempted to settle the question on a franchise basis. He submitted to a vote of the people the Codd-Hutchins agreement providing for six tickets for a quarter at all hours, and ten tickets for twenty-five cents during the rush hours. Because by

that time several D. U. R. franchises had expired, the plan was defeated by popular vote. In 1911 Mayor Thompson submitted to the people the Thompson-Hally plan providing eight for a quarter tickets during the day. At the election held January 23, the plan was rejected.

THE VOTES OF 1913 AND 1915 —By 1913 there was a new state constitution which made it legal for municipalities to own and operate their own traction lines. Consequently, in that year the people cast their first direct vote for municipal ownership and passed upon the question favorably by a four to one vote. Then arose the question of settling a price at which the city could buy the D. U. R. lines. In 1915 the "Pig-in-a-Poke" plan was proposed. It prescribed that the people empower the judges of the Wayne Circuit Court to set the price. For fear that the price might be exorbitant the plan was voted down. It was evident that the citizens, while wanting to gain control of the street car system, would not accept any plan that provided a substitute for municipal ownership. It remained for Mayor Couzens to win the complete victory for the city after four propositions had been submitted to the voters. His first plan, that of 1919, failed because the agreed price at which the company would sell was held to be excessive. When he advanced the clear-cut municipal ownership plans of 1920, 1921, and 1922, however, the people responded, and each time increased the vote in favor of owning their street car lines. For years the uncertainty

of the situation prevented the D. U. R. from making many needed improvements and extensions. With the city in full control, that difficulty was obviated and the Mayor formulated a definite expansion policy befitting a rapidly growing city. Some idea of the increasing needs for transport facilities during the "Thirty Years War," may be learned from the chart showing the population growth, the expansion of the city's area (see map), and the increased street car mileage at certain dates during the period. An adequate street railway system depended upon the definite settlement of the struggle between private ownership and city ownership and each year the need of settlement grew more urgent as the population increased, and the city limits were expanded.

	1870	1890	1900	1920
Population ²⁰	79,603	205,876	285,704	993,739
Area of City—	15.00	28.14	28.75	75.62
Square Miles ²¹	(In 1875)	(In 1891)	(In 1905)	
Street Car Mileage	13.3 ²²	65.75 ²³	190 ²⁴	373 ²⁵
	(In 1871)	(In 1889)	(In 1899)	(In 1922)
Cars		333 ²⁶	701 ²⁷	1457 ²⁸
		(In 1889)	(In 1899)	(In 1922)

²⁰Burton, "The City of Detroit", Vol. 2, pp. 1503-1504.

²¹Burton, "The City of Detroit", Vol. 1, p. 347.

²²*The Detroit Union*, April 20, 1871.

²³*The Detroit Journal*, (July 20, 1889).

²⁴*The Detroit Journal*, (April 5, 1899).

²⁵*The Detroit News*, (April 18, 1922).

²⁶*The Detroit Journal*, (July 20, 1889).

²⁷*The Detroit Journal*, (April 5, 1899).

²⁸*The Detroit News*, (April 18, 1922).

CHAPTER XXIII

SUCCESS OF MUNICIPAL STREET RAILWAYS IN DETROIT¹

LEADERS RESPONSIBLE FOR ITS SUCCESS—Former Mayor John C. Lodge, when asked his opinion regarding the success of the Municipal Street Railway, said:² “While I was never very enthusiastic over municipal ownership I must say that viewed from the standpoint of a practical business man the Municipal Street Car System in Detroit is a success.” Impartial investigation verified the statement, for during the eight years of its existence the municipal system has proved successful both from the service and financial standpoints.

It is doubtful if this marked success could have been attained were it not that Mayor Couzens chose as his co-workers men of high character, rare business acumen, and unselfish devotion to the interests of the city. Many obstacles confronted the new system and capable men were necessary to cope with them.

After the people had voted the \$15,000,000 bond issue the attorneys for the privately owned company

¹This chapter is based on data, charts and maps kindly furnished by Mr. Del A. Smith and associates of the Department of Street Railways, Detroit.

²Personal conversation by the writer with Mayor John C. Lodge.

immediately started numerous law suits as an obstruction to any move that the city might make to acquire the lines. These lawsuits covered every possible phase of the situation through which time might be gained or the ordinance invalidated through litigation. Property owners on streets where car lines were planned were roused to start community suits. These and many other legal entanglements had to be met and overcome.

CLARENCE E. WILCOX—It was at this juncture that the brilliant legal talent of Corporation Counsel Clarence E. Wilcox played such an important part in bringing about the successful culmination of Detroit's struggle for municipal ownership. Mr. Wilcox, as Mayor Couzens' chief co-worker, defeated the best legal talent that the private interests were able to procure, including the then Secretary of State, Charles Evans Hughes, and finally, on February 28, 1921, the United States Supreme Court cut the ground from under a dozen or more obstructive lawsuits which had been started by the Detroit United Railway. Mr. Wilcox's exceptional legal brilliancy, and devotion to the city's welfare, resulted in a public demand that he again serve as the municipality's chief legal advisor, which he has done with great distinction, and at a personal sacrifice, since he is the senior member of one of the State's largest law firms. He possesses extraordinary business ability as evidenced by his recent appointment as one of the trustees of the \$10,000,000 trust fund established by



CLARENCE E. WILCOX

Senator Couzens for the benefit of Michigan's unfortunate children. The services of Mr. Wilcox have been further enhanced by his steadfast refusal to "play politics" or become embroiled in political controversy.

WILLIAM B. MAYO—In addition to such staunch support as that which he possessed in the person of Mr. Wilcox, Mayor Couzens was also fortunate in having the counsel and assistance of one of the country's outstanding engineers, William B. Mayo. As chief engineer of the Ford Motor Company, and a public spirited citizen deeply concerned in the welfare of the city, Mr. Mayo generously consented to serve as a member of the first Street Railway Commission. His engineering skill and astute business ability combined to make him a most valuable public servant and able colleague to the mayor in the construction and acquisition of the transportation system. Mr. Mayo still serves as Consulting Engineer for the Department of Street Railways, in which capacity he is often called upon to aid in solving the many perplexing problems confronting the Department.

DEL A. SMITH—The Department of Street Railways is under the management of Del A. Smith, an experienced traction executive. Mr. Smith entered upon his street railway career with the Detroit United Railway as conductor on the Detroit Jackson Division. In 1922 he cast his lot with the municipal line, rising rapidly in rank, and in 1927 was appointed general manager, the position he now holds. Mr.

Smith has had the unqualified support of the Street Railway Commission and under his supervision the system has made rapid strides. Rising from the ranks as he did, Mr. Smith is in a unique position, knowing thoroughly every phase and angle of the street railway business. Personally he is a kindly, genial man, thus meriting the enthusiastic good will tendered him by his associates in the Department, in the City Hall, and by the car operators. He believes that to be successful a business executive must afford the human element in business equal weight with the material factors. Mr. Smith adheres to this policy in all his business relationships, thus winning the lasting friendship of all with whom he comes in contact.

DIFFICULTIES FACING THE NEW SYSTEM

PHYSICAL CONDITION OF THE SYSTEM—Perhaps the greatest difficulty with which the city was faced after having acquired its transportation system was the run down condition of the physical properties obtained by purchase. Many of the cars were in a dilapidated state; tracks were badly in need of repairs; trolley wires worn to the point of breaking; in fact it was necessary for the newly organized Department of Street Railways to immediately start a program of complete rehabilitation.

At the beginning of its street railway, Detroit was confronted with a multiplicity of problems in its effort to provide the best transportation service in the country at the lowest possible rate of fare. When the city assumed control of the car lines it fell heir to the

insistent and justified demands of the people for service improvements and extensions in heavily populated sections. These demands were met and answered with a construction program that cost millions of dollars paid from the revenue of the lines.

PEAK HOUR PECULIARITIES—In considering the detailed daily operation of Detroit's street railway lines, some unique situations are found, and probably have no parallel on any other urban transportation system in the country. For instance, many of the industrial plants, under normal conditions, work either two or three eight-hour shifts per day, employing thousands of men on each shift. There are probably very few railway systems in the world that have a peak hour between 11:00 P. M. and 1:00 A. M. This peak is followed by the usual morning peak from 6:00 A. M. to 9:00 A. M., and another in the afternoon from 3:00 to 6:00 o'clock.

THE JITNEY—Another serious obstacle confronting the city was the keen competition presented by the operation of the jitneys. Jitney operation on Detroit's streets, conducted for six years under protection of a series of court injunctions, was finally terminated on October 24, 1926, by a decision of the Michigan Supreme Court. At that time there were around 1000 jitneys operating daily on the principal thoroughfares. They had constituted genuine competition, ever increasing as more and more "wild-cat" operators entered the field, but with the court decision the city gained complete control over its streets. Immedi-

ately following the removal of the jitney, the Department purchased the de luxe type parlor coaches, which were placed in service on the routes formerly served by jitneys, and this type of service became so popular that the public soon forgot that the jitney ever existed.

PHYSICAL EXPANSION

DEMANDS OF GROWING CITY MET—Since the acquisition of the system the area of the city has increased 64% and the population about 80%. Consequently additions to trackage have been made to the extent of 53.27 miles of single track. The rolling stock has been increased by 322 cars, bringing the total to nearly 1800, thus increasing the seating capacity by 18,322.

BUSES—In 1925 the Department inaugurated bus service in several outlying sections of the city to act as feeders to the car lines. The necessity for buses grew rapidly, so that now there are 548 buses, providing service on a gridiron of routes which are coordinated with the street car routes.

Between 1925 and 1930 the population in the three mile area decreased by 23%, but in the outlying districts the population increased by 73%, necessitating a longer haul at a consequent greater cost. The Department now provides transportation service over an area of 144 square miles as compared with 100 square miles in 1922, and approximately 1,500,000 passengers are being daily transported on the cars and coaches.

INCREASED SPEED—At the same time the speed of cars and coaches has been stepped up while the number of accidents have been reduced. From a minimum speed of 10.10 miles per hour in 1927 to a maximum speed of 11.62 miles per hour in the summer of 1929 was secured on the coach lines. During the same period accidents were cut from 38 to 26 per 100,000 coach miles. On the rail lines the speed was increased from 9.10 per hour in February 1925 to a maximum of 10.40 in July 1929 with a corresponding decrease in accidents from 54 to 28 per 100,000 car miles.

FINANCIAL SUCCESS

In spite of the unusually heavy debt incurred by the purchase agreement with the Detroit United Railway the municipal system has proved to be financially successful. The system cost the city \$43,850,000.00, yet today, only eight years after the date of purchase, it is more than one-third paid for from its earnings, without extracting one cent from the pocket of the taxpayer. The Department pays a yearly property tax of \$750,000.00, and a wheel tax of approximately \$270,000.00, thus making the total amount of taxes paid to the city annually a figure in excess of \$1,000,000.00. The following tabulation shows the city's equity in the properties as of December 31, 1929. It will be noted that figures are divided to show the amount actually paid from the earnings, and also the amount in reserve to meet maturing obligations. It should be borne in mind that this progress has been made in spite of the industrial

adversities that prevailed in 1926, which was marked by a general slump, resulting in the system grossing approximately \$3,000,000.00 less than in the previous year.

As At December 31, 1929	Retired Through Earnings	Sinking Funds Cash & Securities on hand to reduce Obligations when due.	TOTAL
Construction			
Bonds	.....	\$ 4,685,794.18	\$ 4,685,794.18
Purchase			
Bonds	\$ 931,000.00	77,978.09	1,008,978.09
Addition and Betterment			
Bonds	690,000.00	34,136.97	724,136.97
D. U. R. Pur- chase Con- tract	7,607,953.16	5,335,513.74	12,943,466.90
Total as of December, 31, 1929	\$9,228,953.16	\$10,133,422.98	\$19,362,376.14

DEMANDS UPON THE DEPARTMENT—In addition to meeting the obligations listed above the Department of Street Railways has been compelled to meet many demands for increased facilities, requiring the expenditure of many millions of dollars. In addition it has been required to construct all pavements between the tracks, a burden which is generally conceded as being unfairly placed upon street railway operators, but one that has simply been inherited as a tradition from the

early horse car days, when the horses' hoofs wore the pavement between the rails. The Department has likewise been required to bear an enormous expense of relocating its tracks and poles in the various street widening projects; an expenditure from which there has accrued no value to the Department.

FARES—That this financial and physical success should have been accomplished within eight years appears the more remarkable when the modest rate of fare is considered. For the fiscal year ending June 30, 1929, the average fare was 6.64 cents. This operating revenue was allocated as follows: to employees, 3.54 cents; to fixed charges, all sinking funds and interest, 1.09 cents; to materials, 0.58 cents; to power purchased, 0.57 cents; taxes, 0.19 cents; injuries and damages, 0.13 cents; miscellaneous, 0.45 cents; residue 0.09 cents. This is an enviable record, equaled by few if any street railway systems in the United States. It is a triumph for municipal ownership.

THE AUTOMOBILE—It has been necessary for the Detroit railway, as well as those in other cities to combat the growing competition of the private automobile. The registration of cars increased from 100,000 in 1921 to 400,000 in 1928. This rapid increase had a decided effect on the street car riding habit. While the coach and rail revenue passengers increased from 328,000,000 in 1922 to 371,000,000 at the close of 1929 the per capita street car and coach rides decreased during the corresponding period from 310 to 210. For example, the Saturday rail passengers

on the yearly average basis decreased from 1,460,000 in 1922 to 1,200,000. The Sunday rail passengers on the same basis dropped from 950,000 to 700,000. This decrease is more significant when it is recalled that the city is constantly moving outward as the population increases. From 1921 to 1926 the territory containing 90 per cent of the population moved from the five to the eight mile circle, and by 1928 it was further extended to the nine mile circle. The city is today 8 miles wide by 19 miles long. It is evident, therefore, that not only does the street car carry fewer passengers per capita today than in 1922, but must at the same time transport them a greater distance. It seems reasonable to place the blame for this change in riding habit of the people of Detroit on the ever increasing competition of the private automobile. But it appears likely that this per capita decrease cannot for long continue at so rapid a rate for two reasons: First, the difficulty of obtaining parking space; and second, the greater speed and convenience afforded by the street car and coach, not to mention a saving in mileage cost. Indeed these checks are already in evidence, and it is not too much to expect that in the near future the trend of the per capita rides will gradually mount and the street car income swell in consequence.

In referring to the methods employed by the Department to successfully combat the growing automobile competition Mr. Smith made the following statement:³

³Letter to the writer from Del. A. Smith, dated April 14, 1930.

“Realizing the necessity for increasing the rider Appeal, the Department of Street Railways was the first to speed the lines, and this is accentuated on one Division where the surface cars travel at the rate of eighteen miles per hour. Stops were reduced from nine to five per mile; the trajectory of curves has been lessened; new equipment has been added; and there has been an allocation of the slower moving cars to outlying lines; extensive rerouting in the high-value district; factories urged to stagger the hours of employment; adoption of fleet, maneuverable motor busses; substitution of leather upholstered seats for the conventional rattan seats; and the installation of individual air compressors on cars, thus eliminating air charging stations. These are all features that have influenced the per capita riding upwards, and are truly an index of a good state of health, also increasing popularity, and on that score, the Detroit system is considered to be one of the most progressive.

“We are, at the present time, operating several cars equipped with Timken Worm Drive Trucks, which we believe to be one of the outstanding advancements in the science of transportation; namely the development of a light-weight, noiseless truck for street cars. The Timken-Detroit Axle Company has researched this phase of railway operation for a period of four years, at a great expense, and finally evolved a worm gear, roller bearing truck that lessens the weight of the conventional type street car by nearly six thousand pounds. Its noiseless features, easy starting, high-braking efficiency effects operating economies that are very substantial. The Detroit system was one of the first to use this innovation, and it is planned to steadily increase the number, thus acquir-

ing what is believed to be one of the most pronounced refinements in the railway industry.

"I believe our Ambassador Bridge operation is worthy of mention. This is the first instance to my knowledge where two municipalities of different countries have joined hands in the formation of a transit system. The Department approached this plan on the theory that a new spirit of neighborly internationalism would result from such an association. The grandeur of the route, which comes from a view of the river front on both the Canadian and American sides, at an elevation of three hundred feet, which is to be had from the center of this world-famous international bridge, attracts more than a million passengers per year.

"Another interesting feature of our transportation service is the operation of our Airport coaches. In the last three years, the system has, in cooperation with the Stout Air Service, instituted a line of modern busses between the hotel district and the Ford Airport, for the accommodation of people who wish to travel by air over the many routes of the Stout Air Services, whose modern tri-motor planes now travel to every point of the compass. We were the first American Railway system to aid in such a project, and it may be interesting to know that in the three years that this service has been in effect, more than 36,000 passengers have availed themselves of this service.

"I should like also to add just a few words in connection with the work of our Public Relations Department. In this Department we are constantly forming contact with the public by calling at all of the fac-

tories served by our car and coach lines, and inquiring as to the attitude of our patrons toward the service which they are receiving. Calls are also made at all of the public schools, and in this way any dissatisfaction that may exist is brought to our attention immediately, and proper corrective measures are applied."

COMPARISON OF THE DETROIT SYSTEM WITH THOSE IN OTHER CITIES

The Detroit system compares most favorably in every respect with the systems in other large cities. The foregoing accomplishments have, as we have already seen, been possible on a six cent fare, the lowest rate existing among metropolitan centers east of the Rocky Mountains, with the exception of New York City. In addition the system has maintained the second highest rate of pay for platform employees in the world, and with all of these improvements and expansions, with the inevitable harassments and disruptions that attended them the Department of Street Railways has reduced its accident record to the exceedingly low figure of 32 per 100,000 car miles, while the speed has been continually increased. This phenomenal showing is due in part to the watchful eye of General Manager Del A. Smith, and in part to the efficiency of the Board of Street Railway Commissioners, composed of John J. Barlum, John J. Gorman, and Frank Couzens.

COMPARATIVE TABLES⁴—Additional light is thrown on the favorable position of the Detroit system by a study of the accompanying comparative tables. As a result of this study the following conclusions may be set forth:

1. The table showing the car mile per hour of track reveals the superior quality of the Detroit system.

2. The revenue passenger per car mile is indicative of the patronage and shows the Detroit railway to be surpassed only by the Cleveland railway.

3. The table setting forth the operating revenue per revenue passenger shows that Detroit is getting the smallest revenue of any system except Columbus and by Milwaukee, although that city is not included in the list.

TRAFFIC PROBLEMS—PROPOSED PLANS

The geographical layout of Detroit is such as to present many difficulties that beset surface rail operation. Seven main arteries of travel contribute their flood of traffic from a broad fan-shaped area into Cadillac Square, and it is sometimes a matter of justifiable wonder that traffic ever moves at all in the heavily congested district.

In an effort to alleviate this unfortunate traffic

⁴"Electric Street Railway Operating and Population Statistics" kindly loaned by Dr. H. E. Riggs.

condition the Department has formulated the following plans:

1. Terminal facilities and additional loops are being provided in the downtown district to help expedite the movement of cars.

2. It is planned to establish express service on the main thoroughfares comprising from 50 to 55 miles of high speed lines.

3. An extensive grade separation plan is to be consummated costing the Department \$3,000,000 as its share.

4. All overhead feeders in the three mile circle are required by ordinance to be placed underground by 1934. This will cost the Department some \$4,500,000.

5. Trackless trolley service is to be established on Plymouth Road and Livernois Avenue.

All of these improvements and refinements will call for new capital, which the mayor and Street Railway Commissioners believe to be best and more economically raised through an increased fare, with the proviso that with the retirement of the balance owing the Detroit United Railway for the purchase of the property, the fare would be reduced to a point where it would be possibly the lowest in the country considering the wide range and exceptionally high type of service that the city renders.

APPENDIX

CHARTS, TABLES AND STATISTICS

CHARTS, TABLES AND STATISTICS

DETROIT UNITED RAILWAY:

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CITY OF DETROIT:

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COMPARATIVE STATISTICS OF VARIOUS CITIES:

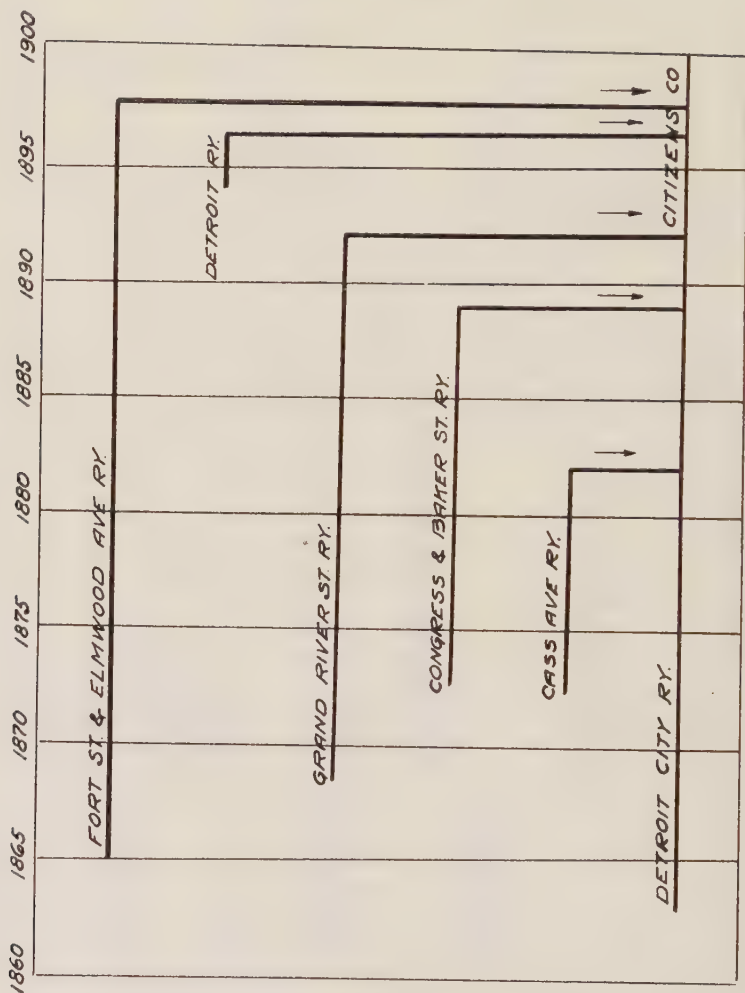
Rates of Fare in 312 Cities.....	XX
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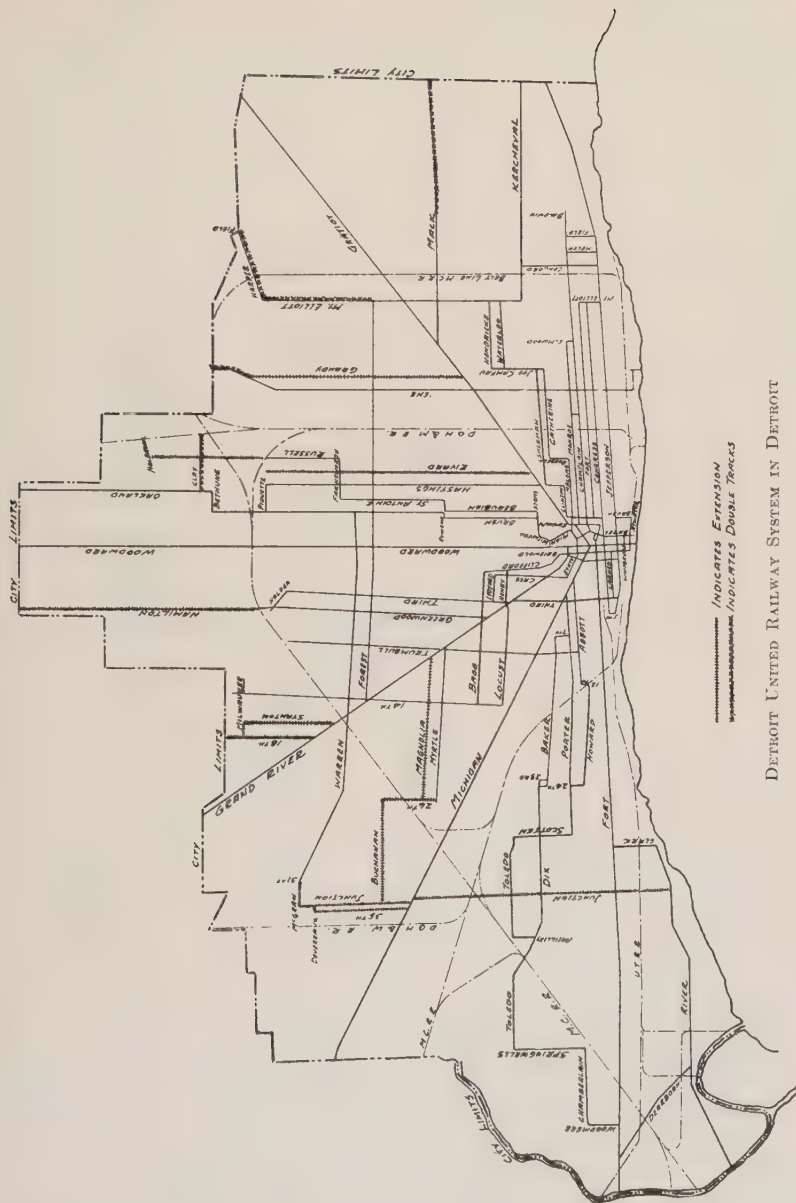
LIST OF CONSTITUENT COMPANIES FORMING THE DETROIT UNITED RAILWAY SYSTEM IN THE CITY OF DETROIT AND CONTIGUOUS TERRITORY

		C. S. Bushnell, <i>et. al.</i> —Grant, 11-24-1862. Acquired by Detroit City Ry. Co.	
		Congress & Baker St. Ry. Co. Incorporated May 17, 1875. Acquired by Detroit City Ry. Co., June 22, 1882.	Detroit & Grand Trunk Junction Ry. Co. (Grant, 6-13-1873. Grant repealed and subjected to Detroit City Ry. Co.—Ordinance on, 11-14-1879.
		Cass Ave. Ry. Co., 23, 1877. Incorporated by Detroit City Ry. Co., June 22, 1882.	Central Market, Cass Ave. Grant, 6-13-1873. Incorporated by Detroit City Ry. Co.
		Congress & Baker St. Ry. Co. Acquired by Detroit City Ry. Co., Aug. 5, 1889.	Grand Trunk Junction Ry. Co. Acquired by Fred. Carlsle & Baker St. Ry. Co. Grant, 4-11-1873, from twp. of Springwells.
		Hamtramck St. Ry. Incorporated May 1, 1869. Acquired by Detroit City Ry. Co.	Original Grant, 8-12-1873, to Moses W. Field, <i>et. al.</i> Confirmed, 11-1-1881. From twp. of Hamtramck. Perpetual.
		Grand River Ry. Co. Incorporated Feb. 27, 1869. Acquired by Grand River Ry. Co., Oct. 1, 1891.	N. Prouty, <i>et. al.</i> —Grant, 1-31-1865. Acquired by Grand River St. Ry. Co.
		Oakland Railway Co. Incorporated Jan. 24, 1895.	Grant, 10-27-1890. From village of Highland Park.
		Fort Wayne & Belle Isle Ry. Co. Incorporated May 23, 1892. Acquired by Detroit, Fort Wayne & Belle Isle Ry. Co., April 1, 1898.	Acquired by Fort St. & Elmwood Ave. Ry. Grant of June 17, 1880, from twp. of Springwells. Extended, March 9, 1895, for 30 years. Grant of March 31, 1888, from twp. of Springwells, Detroit, River Rouge & Dearborn St. Ry. Co. Incorporated by Detroit, River Rouge & Dearborn St. Ry. Co. Grant of 6-24-1889 from twp. of Springwells to Albert E. Pepper <i>et. al.</i>
		Highland Park Railway. Incorporated May 12, 1886. Acquired by Detroit Suburban Ry. Co., Feb. 1, 1893.	F. E. Snow, <i>et. al.</i> Grant, 10-17-1885, from twp. of Greenfield. Acquired by Highland Park Railway.
		Detroit Electric Ry. Co. Incorporated May 19, 1896. Acquired by Detroit Suburban Ry. Co., Nov. 1, 1892.	Geo. Dorr, <i>et. al.</i> —Grant, 4-17-1886, 25 years. Acquired by Dix Ave. Railway.
		Jefferson Ave. Railway. Incorporated Dec. 31, 1900.	Geo. Dorr, <i>et. al.</i> Grant, 5-10-1886. From twp. of Springwells—30 years.
		Gratiot Ave. Railway Co. Incorporated Dec. 9, 1895. Acquired by Detroit Suburban Ry. Co., Nov. 1, 1892.	Geo. Hendrie, <i>et. al.</i> —Grant, 4-14-1891, from twp. of Hamtramck—Perpetual. Acquired by Jefferson Ave. Railway.
		Detroit Electric Railway. Incorporated May 19, 1896. Acquired by Detroit Electric Railway, Dec. 31, 1900.	Henry Pluss, <i>et. al.</i> —Grant, 5-7-1891, from twp. of Hamtramck—Perpetual. Acquired by Gratiot Ave. Ry. Co., Dec. 10, 1891.
			H. A. Everett, <i>et. al.</i> —Grant, 12-4-1894—30 years. Acquired by Detroit Railway, Dec. 1894. Grant, 3-9-1895, from twp. of Springwells.

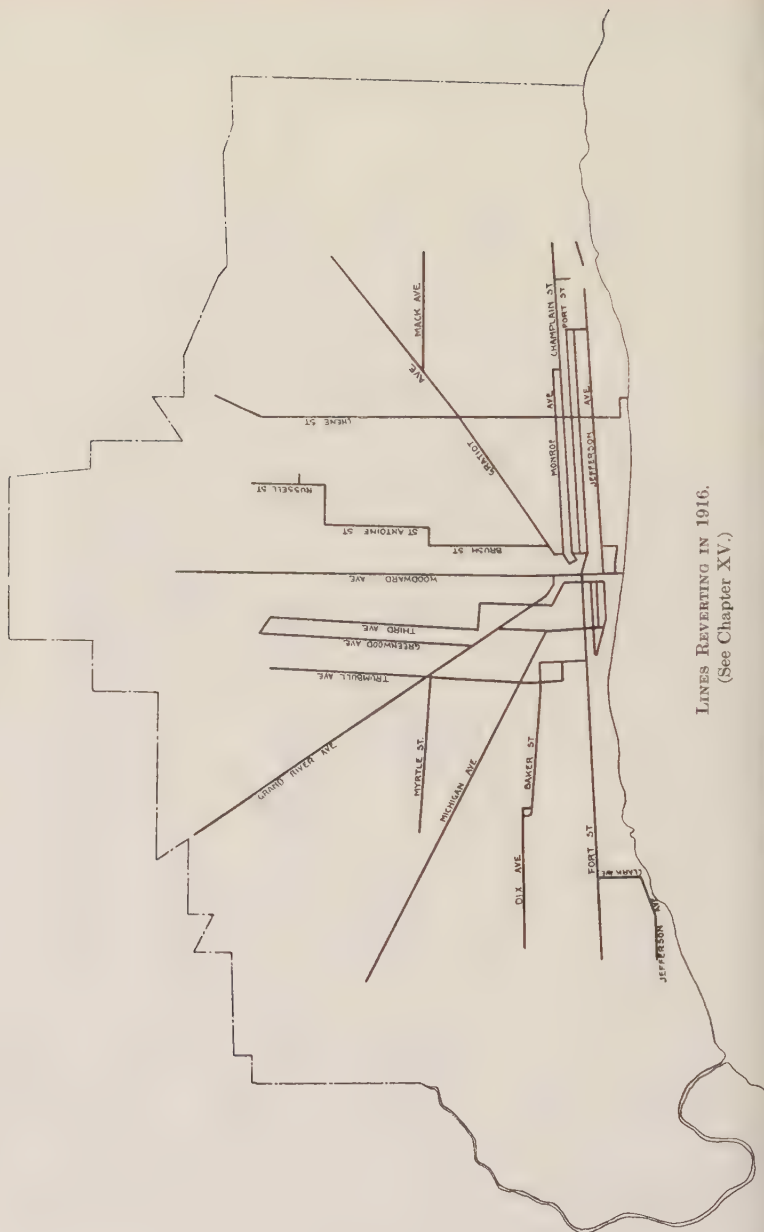
Compiled from the best available information
by ROBT. B. RUZENBERCK.

DETROIT UNITED
Incorporated Dec. 31,
1900.

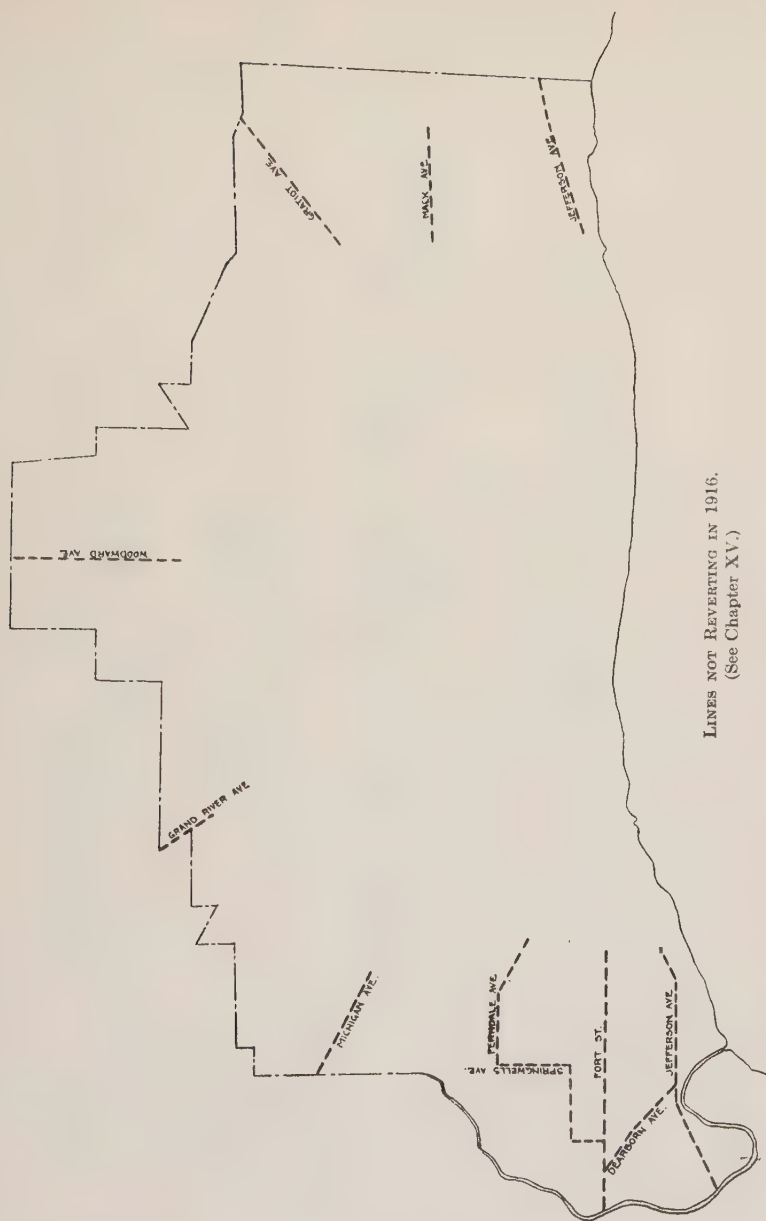




DETROIT UNITED RAILWAY SYSTEM IN DETROIT



LINES REVERING IN 1916.
(See Chapter XV.)



LINES NOT REVERTING IN 1916.
(See Chapter XV.)

VI

APPRAISAL OF DETROIT UNITED RAILWAYS BY DEAN COOLEY.

(See End of Chapter XVII.)

	Total Track Mileage	Cost of Reproduction New	Ra- tio	Cost of Reproduction New, Less Depreciation	Franchise Value	Total Including Franchise Value C. R. P. V.
Way and						
Structure.....		\$14,326,756	.90	\$12,817,008		
Equipment.....		5,778,016	.81	4,673,920		
Power.....		2,302,531	.88	2,016,915		
General and						
Miscellaneous.		3,172,250	1.00	3,172,250		
Total.....	230,710	\$25,579,562	.89	\$22,680,093	\$6,100,195	\$31,679,757
						\$18,780,196

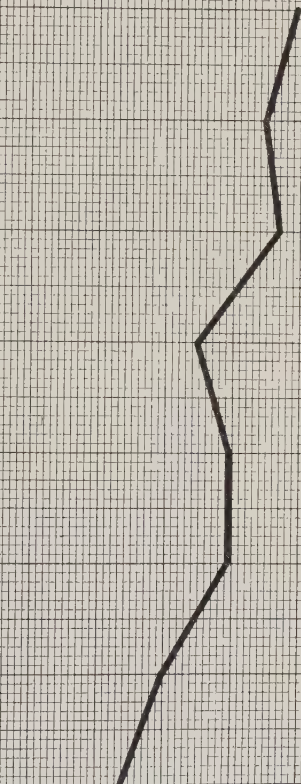
VII

STATEMENT OF FUNDED DEBT OR CONTRACTUAL OBLIGATIONS TO DECEMBER 31, 1929

		Approved by		Date of		Rate of Interest		
		Approved by	Common	Vote of	Council			Approval
		Electorate	Journal	Page	in Journal			
Construction Bonds.....	\$15,000,000.00			4-5-1920		4¼%—6%	Long term Bonds	
Purchase Bonds.....	4,000,000.00			4-17-1922		4¼%	Serial Bonds—30-year	
D. U. R. Purchase Contract....	19,850,000.00			4-17-1922		6%—4½%	\$2,770,000.00 Down—\$500,000.00 semi-annually	
							\$7,580,000.00 on Dec. 31, 1931	
Additions and Betterments Bonds	5,000,000.00			4-2-1923		4½%	Serial Bonds—30-year	
Advance—Ford Motor Company	263,881.60	Eagle Avenue Underpass	1085	4-20-1926	5%		Note due April 13, 1931	
Advance—Henry Ford.....	341,861.99	Schaefer Road	1773	6-15-1926	5%		Note due Nov. 30, 1930	
Coach Purchase Lease—Eastern Mich. Motorbuses.....	296,092.00	41 Yellow Coaches	1768	6-15-1926			Payment on mileage basis	
Land Contract Payable—Milton D. Bryant.....	280,000 00	Coolidge Carhouse	382	2-23-1927	6%		\$55,000.00 Down—\$22,500.00 a year for 10 years	
Car Purchase Lease—Cummings Car & Coach Co.....	2,410,000.00	125 Street Cars	2069	7-19-1927			\$250,000.00 Down—\$18,000.00 per month for 10 years	
Land Contract Payable—Fred J. Stone, et. al.....	58,000.00	St. Jean Spur	3466	12-20-1927	6%		\$18,000.00 Down—Balance due Dec. 17, 1929	
Notes—Due Robert Oakman...	276,905.00	Oakman Line	36	1-17-1928	6%		\$138,452.50 due 4-1-1930 —\$138,452.50 due 4-1-1932	
Coach Purchase Lease—A. C. F. Motors Co.....	507,261.60	40 Gas-Elec. Coaches	3319	12-18-1928			Payment on mileage basis	
Coach Purchase Lease—General Motors Trucks.....	214,875.00	25 Yellow Coaches	1450	5-28-1929			Payment on mileage basis	
Notes—Due Clippert Brick Co..	224,000.00	Michigan & Wyoming Carhouse	2323	8-20-1929	6%		\$25,000.00 Down—\$25,000.00 due 11-21-1929	
							\$50,000.00 due 2-21-1930—\$124,000.00 due 2-21-1931	
Loan—City of Detroit.....	500,000.00	Reconstruction of tracks on Gd. River west of Meyers	1991	7-24-1928	Prevailing Rate		Due June 30, 1930	
			269	2- 5-1929	Prevailing Rate		Bonds authorized, but unissued	
Advance—City of Detroit, Account of Equipment and Extension Bonds.....	4,350,000.00							

AVG. SATURDAY PASSENGERS

9916



CITY OF DETROIT
DEPT. of STREET & TRAFFIC DIV.

22

28.

天

527

25.

42

88

65

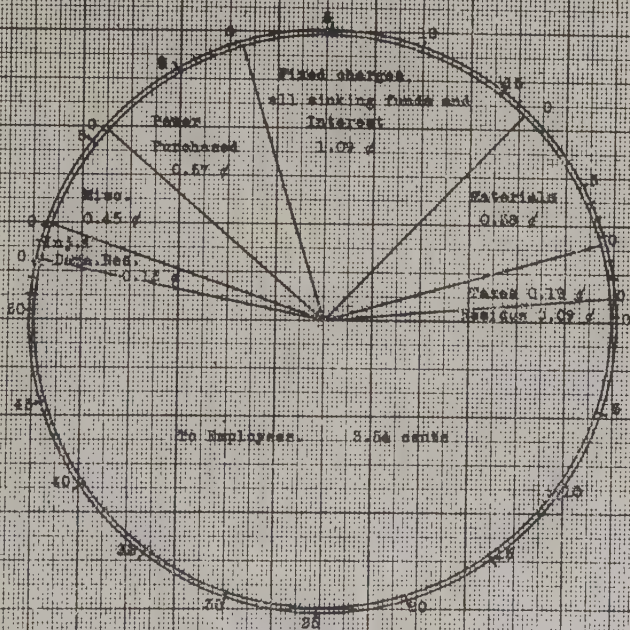
CITY OF DETROIT
DEPT OF STREET &
TRAFFIC DIV

City of Chicago. Department of Street Railways.

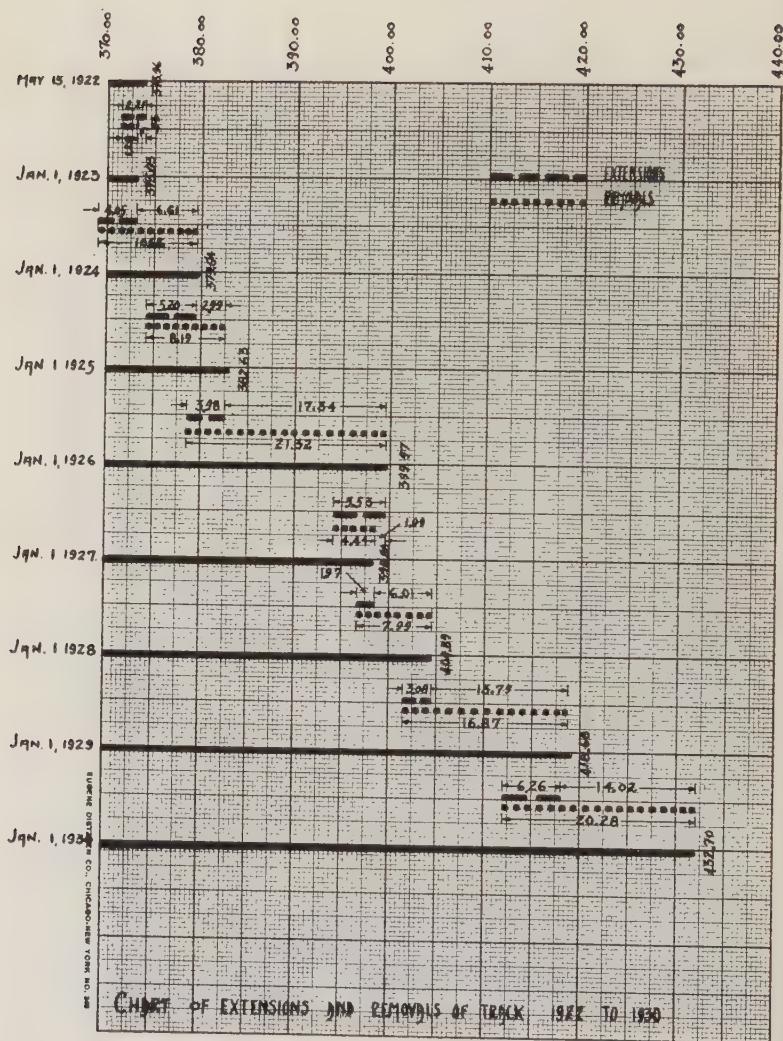
ALLOCATION OF OPERATING REVENUE, per PASSENGER

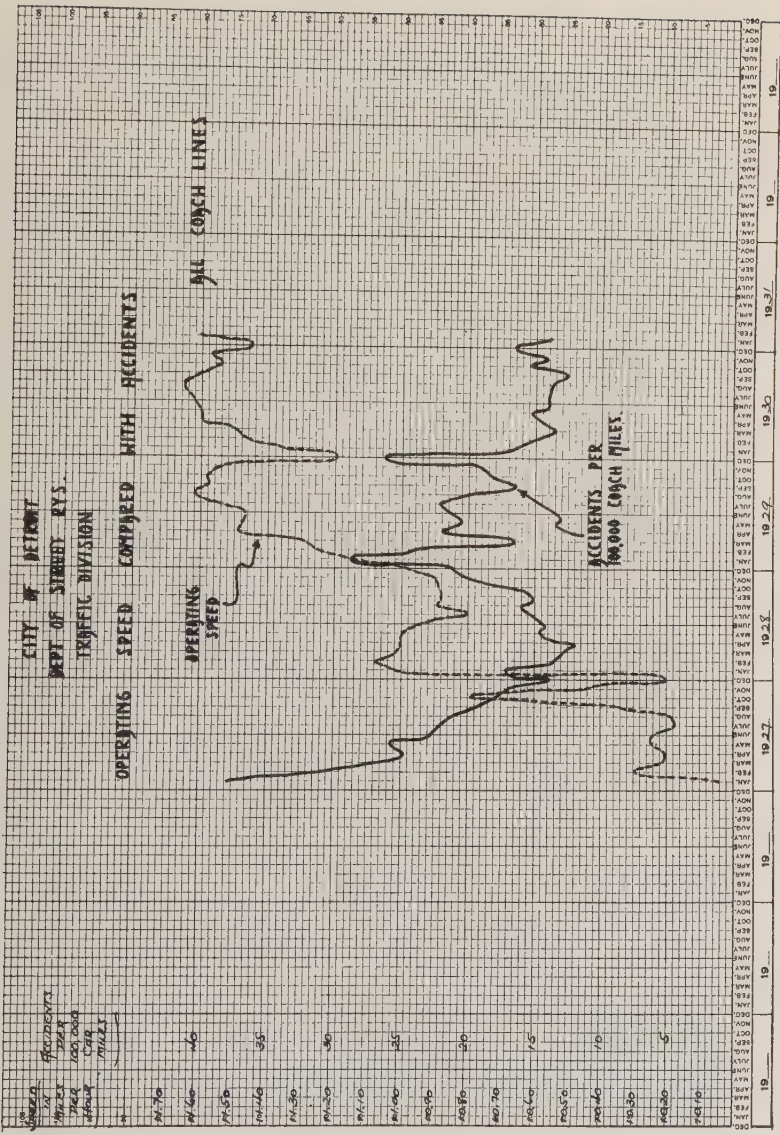
FISCAL YEAR ENDING JUNE 30, 1922

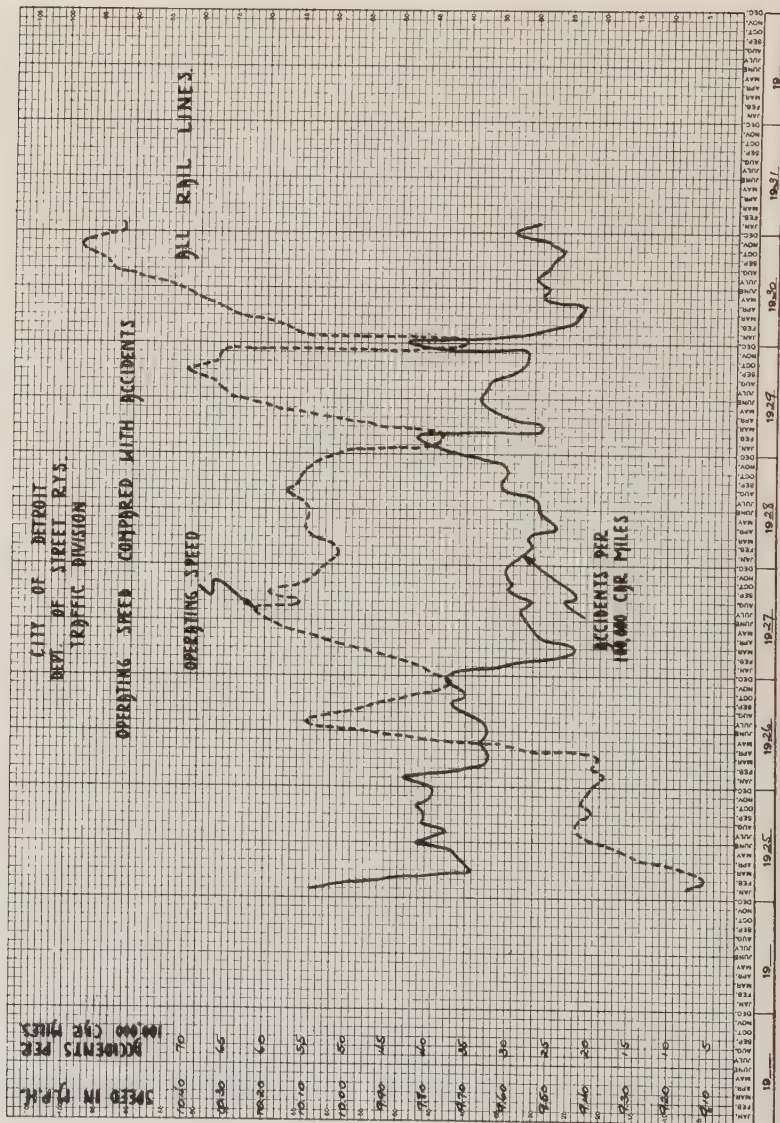
The percentage of each group is shown on the periphery.



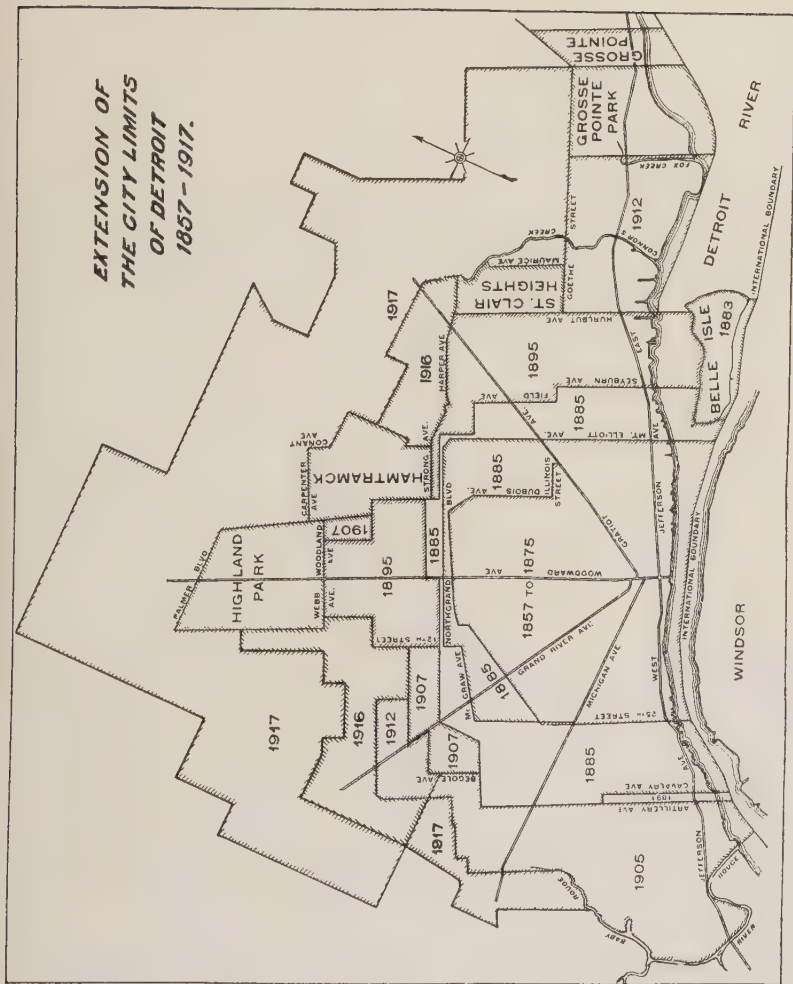
EXPENSES TOTAL PASSENGER 6.84%







EXTENSION OF THE CITY LIMITS OF DETROIT 1857 - 1917.



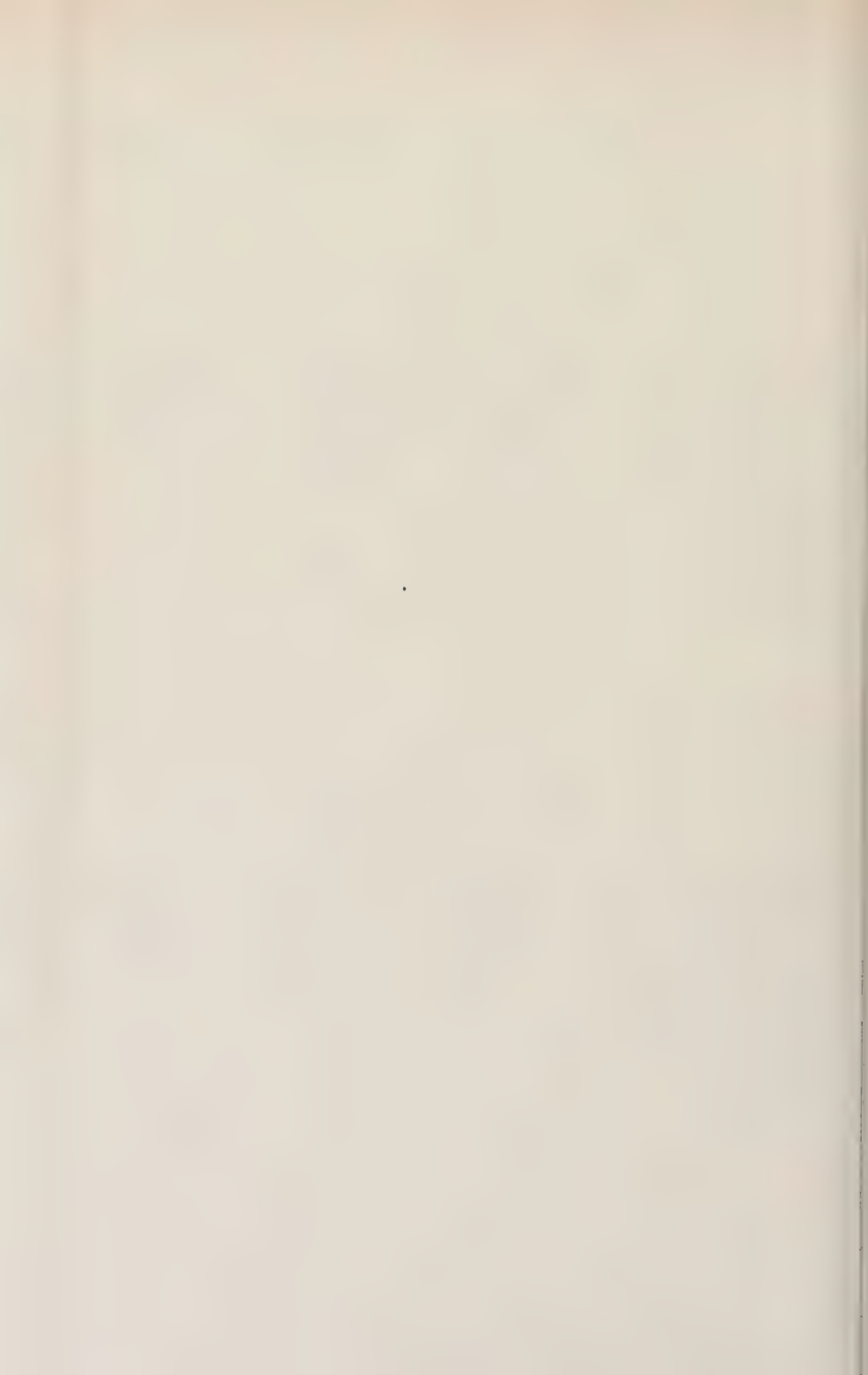
DETROIT STREET RAILWAY STATISTICS.

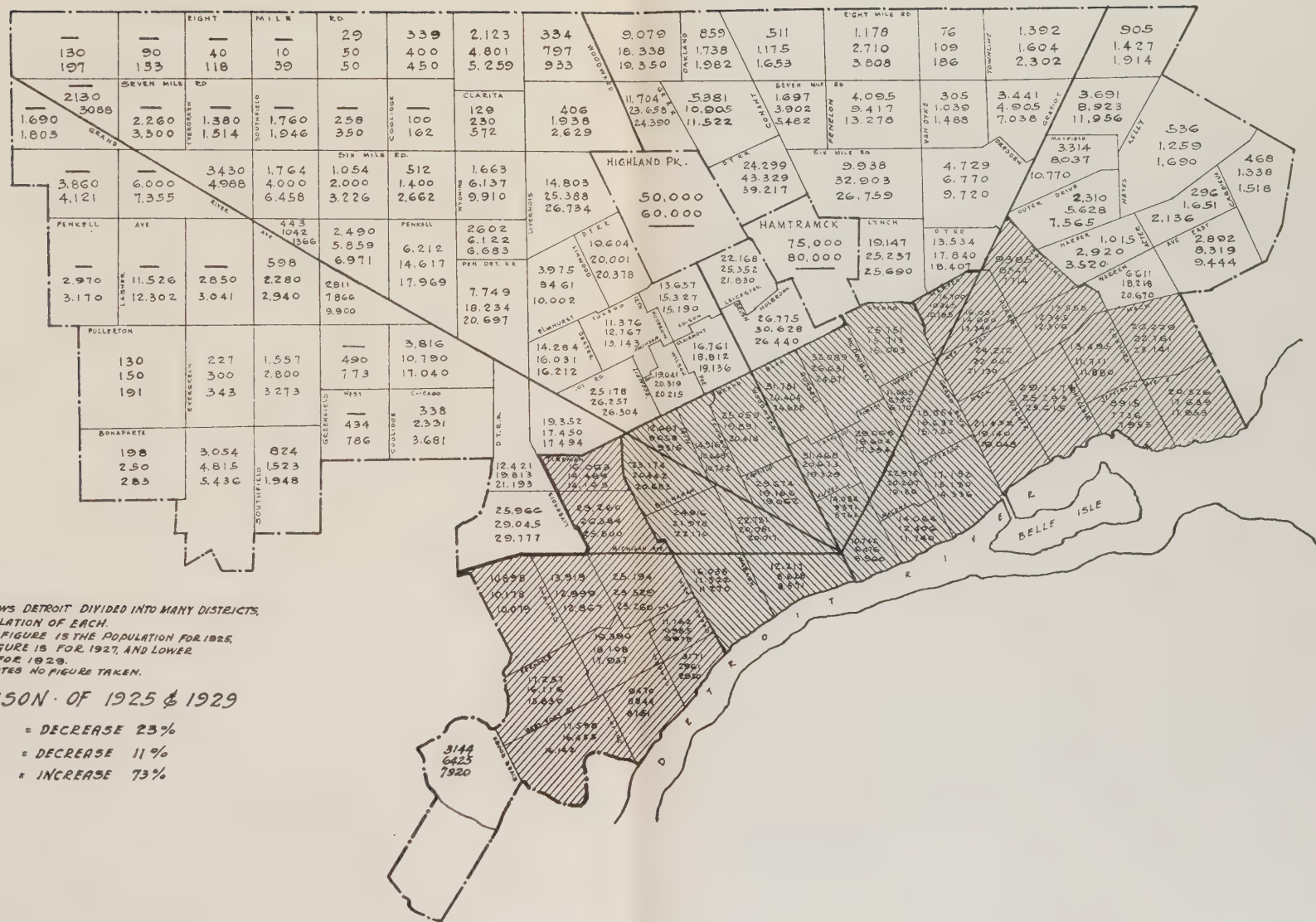
RAILS

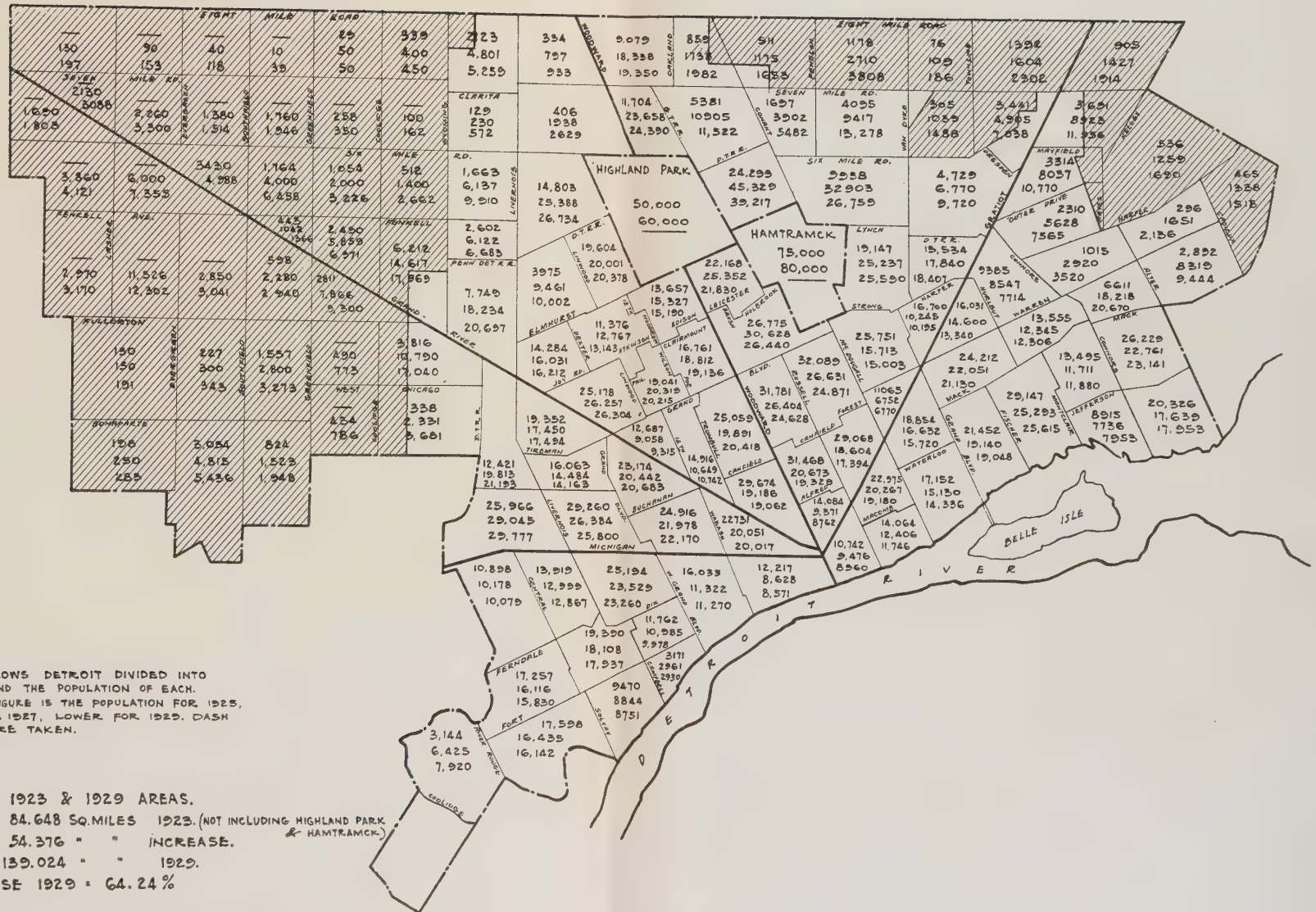
	May 15, 1922 to Dec. 31, 1922	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 21, 1928	Year Ended Dec. 31, 1929
Pass. Revenue.....	\$11,319,805.04	\$20,650,211.78	\$21,076,678.93	\$21,913,694.57	\$22,082,614.22	\$19,678,339.22	\$20,788,759.49	\$21,269,096.57
Rev. Car Miles....	29,579,350	51,233,365	48,248,330	52,863,111	53,109,845	46,440,692	48,266,729	50,596,523
Rev. Passengers...	211,800,525	370,607,745	346,116,298	357,926,168	359,475,040	319,035,264	337,081,660	344,558,256
Total Passengers...	280,063,270	487,704,117	457,562,210	481,236,694	485,238,325	436,255,420	453,984,510	465,986,074
Rev. Pass. Equip...	1,382	1,532	1,606	1,595	1,581	1,654	1,697	1,704
Number of Seats...	62,161	71,666	73,667	73,210	72,693	76,520	73,534	80,848
Operating Miles								
S. T.....	334.08	340.91	342.86	359.58	357.29	365.21	375.54	387.35
Av. Fare per								
Rev. Pass.....	5.345¢	5.572¢	6.089¢	6.122¢	6.143¢	6.168¢	6.167¢	6.172¢

COACHES

	Nov. 19, 1922 to Dec. 31, 1922	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929
Pass. Revenue.....	\$ 1,716.12	\$ 18,634.12	\$ 50,599.54	\$ 807,832.83	\$ 2,138,118.03	\$ 3,246,164.31	\$ 3,253,567.34	\$ 4,537,460.00
Rev. Car Miles....	10,165	76,899	157,540	3,529,795	8,977,267	12,495,942	13,167,724	18,640,785
Rev. Passengers....	34,322	372,681	978,782	10,564,723	25,314,545	37,973,891	39,596,700	48,153,138
Total Passengers...	34,322	372,681	978,782	10,951.951	27,410,260	42,535,614	44,517.623	52,042,428
Route Mi. Rd. Trip	4.4	4.4	17.5	171.64	307.44	361.32	448.94	478.19
Rev. Pass. Equip...		2	5	161	274	301	485	532
Number of Seats...		58	105	4,020	7,018	8,659	12,004	12,343
Av. Fare per								
Rev. Pass.....		5.000¢	5.170¢	7.647¢	8.446¢	8.548¢	8.217¢	9.423¢







1. The first part of the paper is devoted to the study of the properties of the function

$$f(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!} \quad (1)$$

which is known to be the exponential function e^x . The main result of this part is the following theorem:

$$f(x) = e^x \quad (2)$$

2. In the second part of the paper, we consider the function

$$g(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!} \quad (3)$$

and show that it is equal to the function

$$h(x) = e^x \quad (4)$$

3. Finally, in the third part of the paper, we study the function

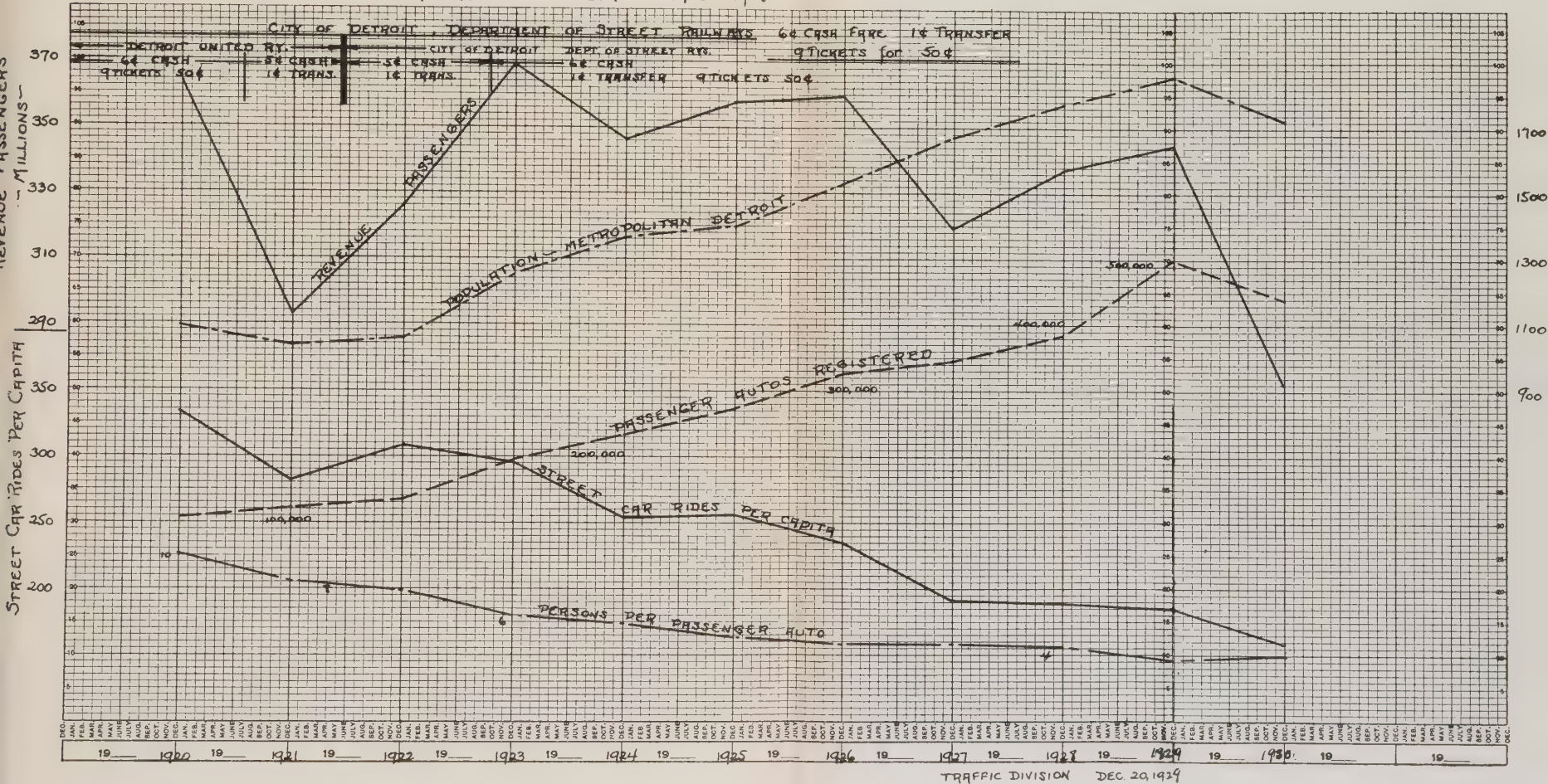
$$i(x) = \sum_{n=0}^{\infty} \frac{x^n}{n!} \quad (5)$$

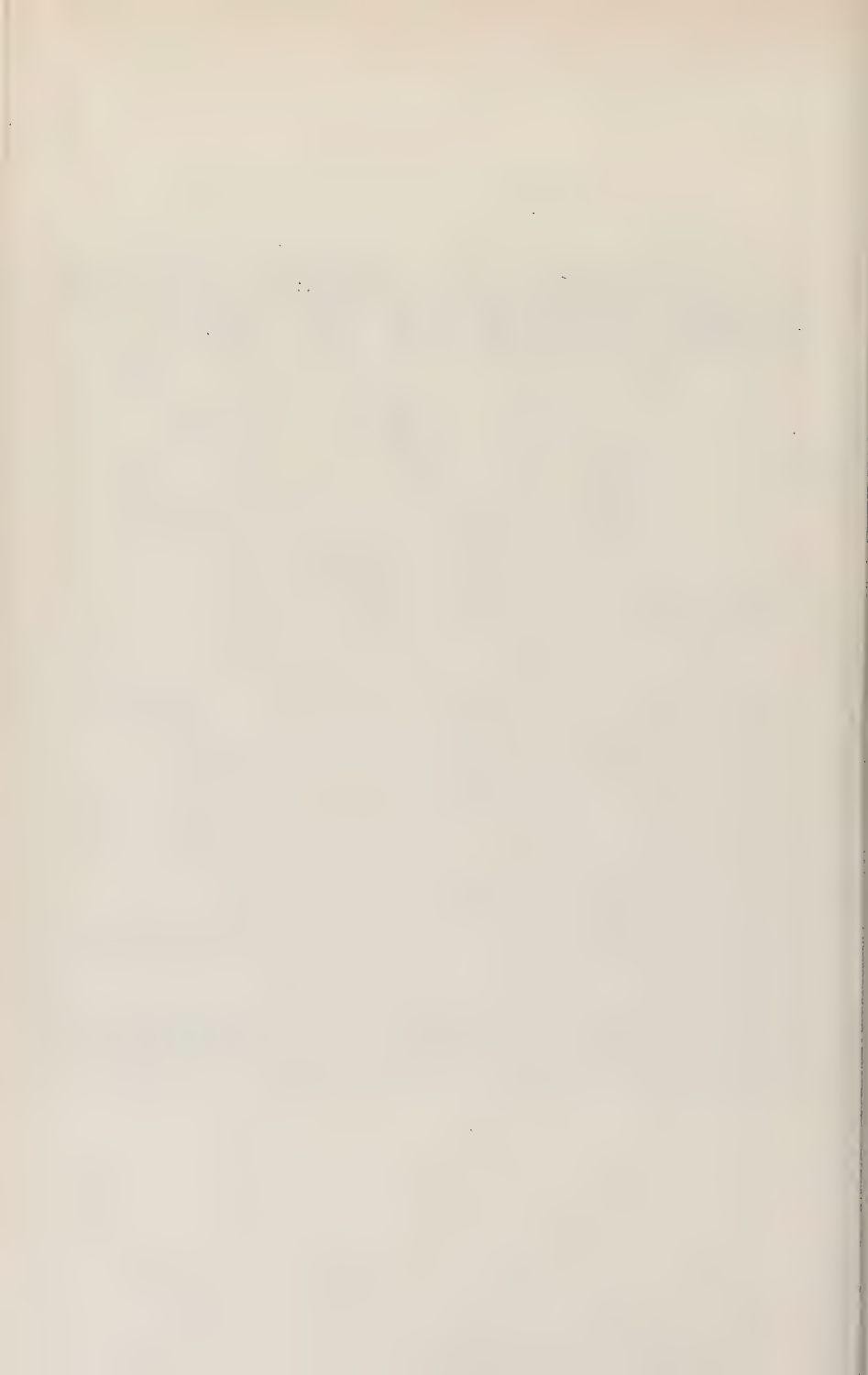
and show that it is equal to the function

$$j(x) = e^x \quad (6)$$

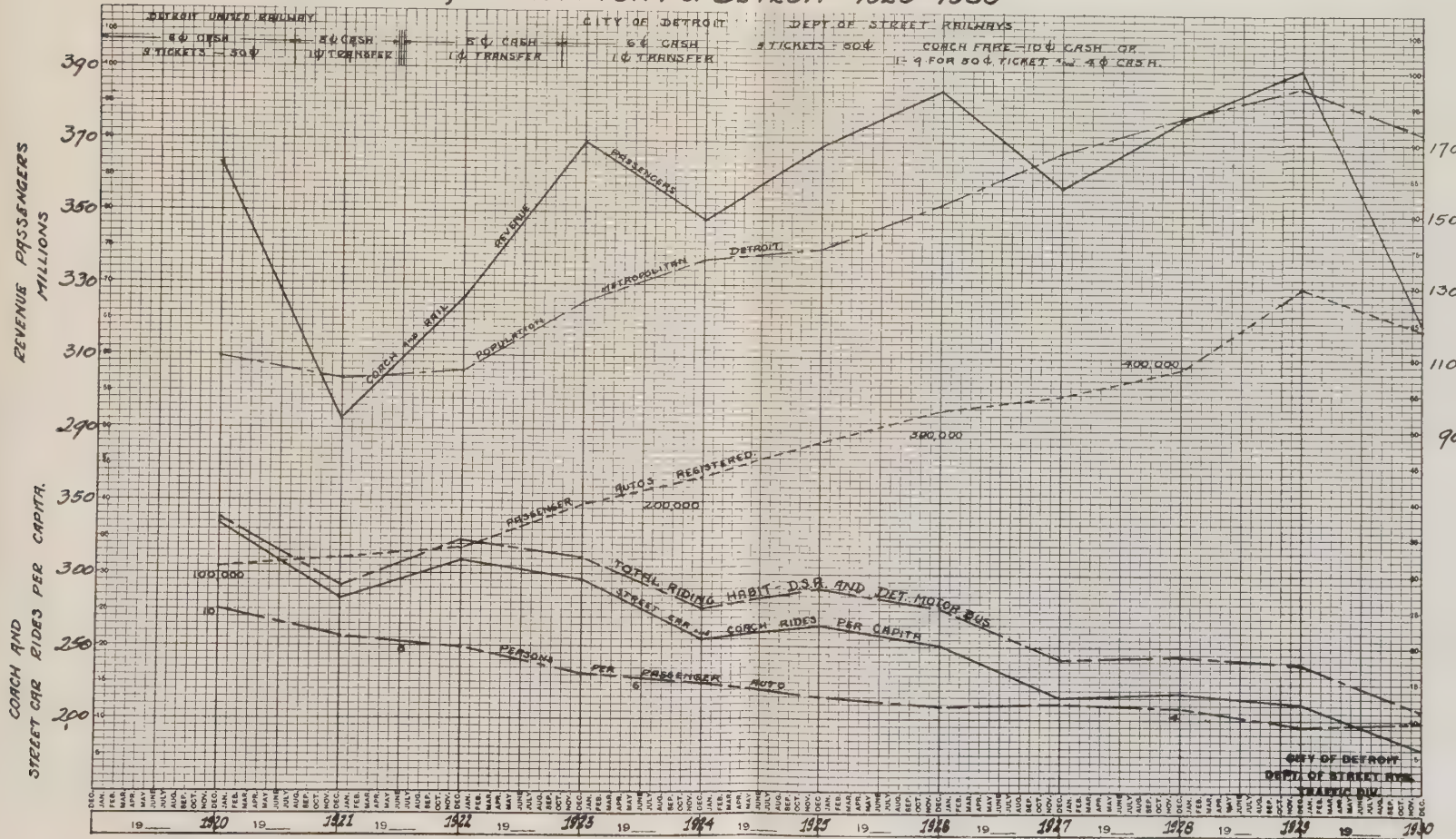
XVIII

GRAPH. SHOWING TREND OF POPULATION GROWTH, STREET CAR RIDING + RIDING HABIT, AUTOMOBILE REGISTRATION DENSITY
IN THE CITY OF DETROIT 1920-1928

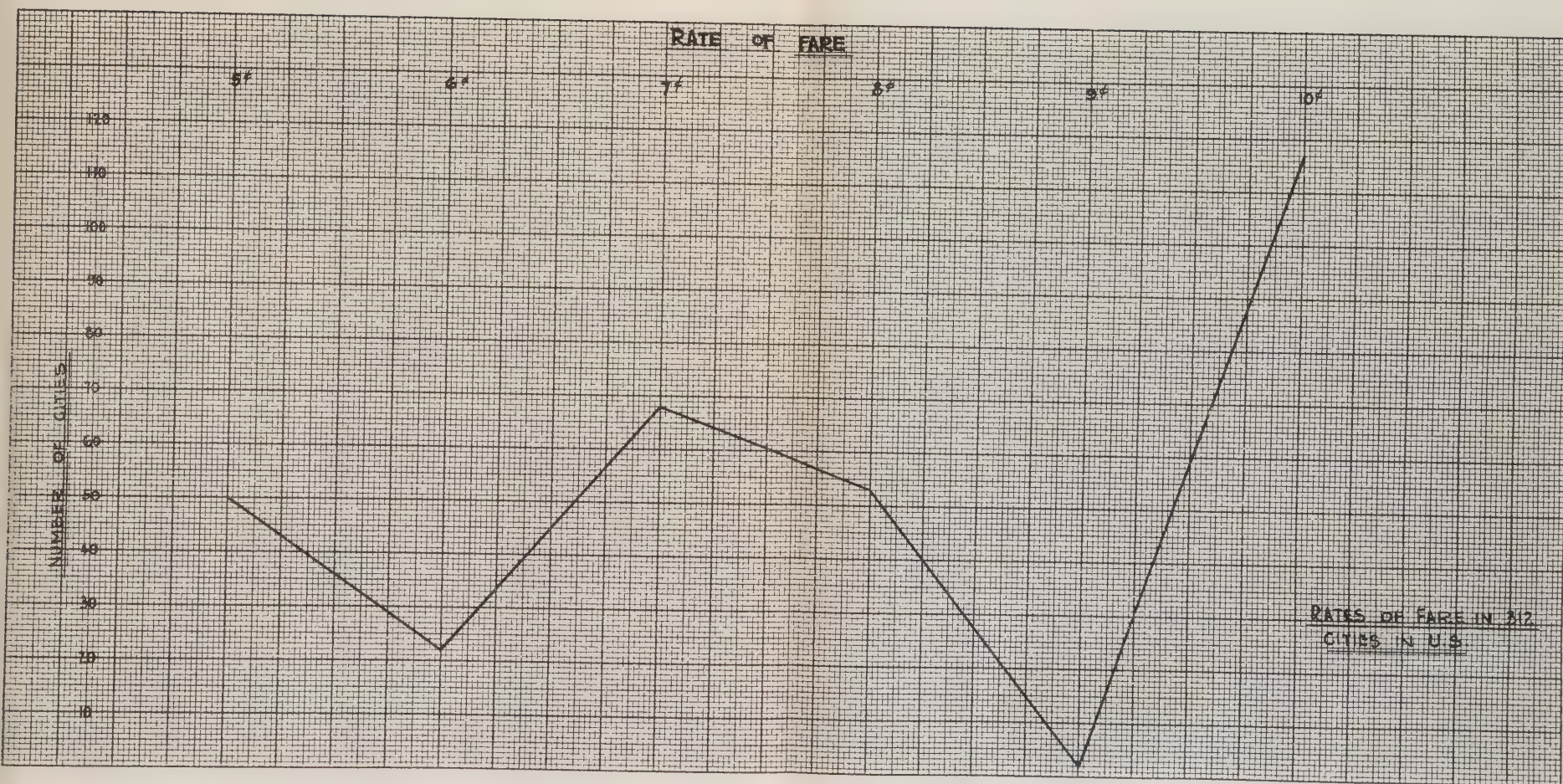




GRAPH SHOWING TREND OF POPULATION GROWTH, STREET CAR AND COACH RIDING, RIDING HABIT, AUTOMOBILE REGISTRATION, DENSITY IN CITY OF DETROIT 1920-1930







COMPARATIVE OPERATING STATISTICS BY YEARS
REVENUE PASSENGERS PER 1000 POPULATION

Year	Kansas City	Minn.- St. Paul	Baltimore	St. Louis	Detroit	Cleveland	Cincinnati
1920	289,017	365,698	333,422	352,896	333,724	360,892	238,243
1921	283,715	336,317	307,890	340,707	.....	306,055	214,276
1922	283,886	325,276	297,748	340,906	.....	296,489	215,447
1923	271,280	308,405	299,559	344,593	288,360	298,182	216,784
1924	248,371	283,646	289,812	324,003	273,655	269,416	200,757
1925	232,760	271,329	272,793	305,604	248,075	258,781	193,104
1926	215,216	247,616	271,720	297,558	250,765	244,724	190,007
1927	203,309	228,799	259,140	278,907	208,500	225,500	199,166
1928	196,241	215,771	234,464	262,015	185,785	216,982	200,492

XXII

COMPARATIVE OPERATING STATISTICS BY YEARS
PASSENGER CAR MILES PER MILE OF TRACK

Year	Kansas City	Minn.- St. Paul	Baltimore	St. Louis	Detroit	Cleveland	Cincinnati
1920	77,842	63,405	88,748	102,919	163,326	99,073	78,277
1921	80,461	66,076	85,265	101,357	.....	89,769	71,197
1922	78,955	63,513	84,200	101,318	.....	89,365	68,029
1923	79,414	60,995	86,914	104,631	132,496	89,462	69,490
1924	76,320	58,294	86,646	100,984	131,818	85,439	70,694
1925	77,165	59,013	88,070	97,312	126,232	81,768	.....
1926	77,241	58,068	88,085	96,810	139,570	79,917	.....
1927	76,175	56,929	84,455	96,537	123,871	78,388	.....
1928	78,305	56,262	81,892	95,766	113,069	76,650	.....

COMPARATIVE OPERATING STATISTICS BY YEARS
REVENUE PASSENGERS PER CAR MILE

Year	Kansas City	Minn.- St. Paul	Baltimore	St. Louis	Detroit	Cleveland	Cincinnati
1920	5.23	8.05	6.83	6.34	7.45	8.02	5.65
1921	5.10	7.32	6.67	6.38	.....	7.77	5.70
1922	5.44	7.51	6.68	6.47	.....	7.74	6.03
1923	5.36	7.39	6.65	6.41	7.23	7.88	5.96
1924	5.27	7.26	6.51	6.36	7.22	7.71	5.47
1925	5.08	6.82	6.28	6.36	7.00	8.10	.....
1926	4.83	6.34	6.38	6.40	6.64	8.00	.....
1927	4.68	6.09	6.44	6.16	6.83	7.68	.....
1928	4.44	5.94	6.07	6.01	6.98	7.58	.....

XXIV

COMPARATIVE OPERATING STATISTICS BY YEARS
 TOTAL OPERATING REVENUE
 PER REVENUE PASSENGER

Year	Kansas City	Minn.- St. Paul	Baltimore	St. Louis	Detroit	Cleveland	Cincinnati
1920	.074	.054	.068	.071	....	.053	.077
1921	.077	.061	.069	.070	....	.061	.084
1922	.076	.061	.069	.070	....	.059	.077
1923	.076	.061	.069	.070	....	.054	.078
1924	.077	.061	.070	.070	....	.062	.094
1925	.078	.062	.074	.070	.064	.062	.097
1926	.078	.069	.074	.070	.063	.064	.086
1927	.077	.069	.074	.073	.064	.070	.085
1928	.077	.069	.081	.077	.064	.071	.084

COMPARATIVE OPERATING STATISTICS BY YEARS

OPERATING INCOME

(Gross Revenue Less Total Operating Expenses and Taxes)

PERCENT OF GROSS REVENUE

Year	Kansas City	Minn.- St. Paul	Baltimore	St. Louis	Detroit	Cleveland	Cincinnati
1920	5.2	15.6	25.8	22.1	....	4.2	22.9
1921	11.3	....	22.8	15.8	....	14.3	26.0
1922	12.2	....	25.7	20.2	....	17.6	31.3
1923	14.1	19.0	25.8	20.2	....	4.4	25.5
1924	9.9	17.7	26.0	16.5	....	10.2	27.5
1925	11.1	15.0	25.3	16.5	25.7	6.4	31.1
1926	9.9	18.7	25.4	17.3	22.0	10.7	21.6
1927	18.8	17.9	23.6	17.6	22.4	15.6	22.0
1928	20.4	17.0	23.4	17.6	22.8	13.3	22.4
			PER CAR MILE				
1920	.020	.069	.120	.099	....	.018	.099
1921	.044	....	.101	.070	....	.068	.124
1922	.051	....	.119	.091	....	.080	.145
1923	.058	.085	.119	.090	....	.019	.119
1924	.040	.078	.119	.073	....	.049	.141
1925	.044	.063	.118	.073	.114	.033	....
1926	.038	.081	.120	.078	.092	.055	
1927	.068	.075	.112	.079	.096	.085	
1928	.070	.070	.115	.082	.102	.071	

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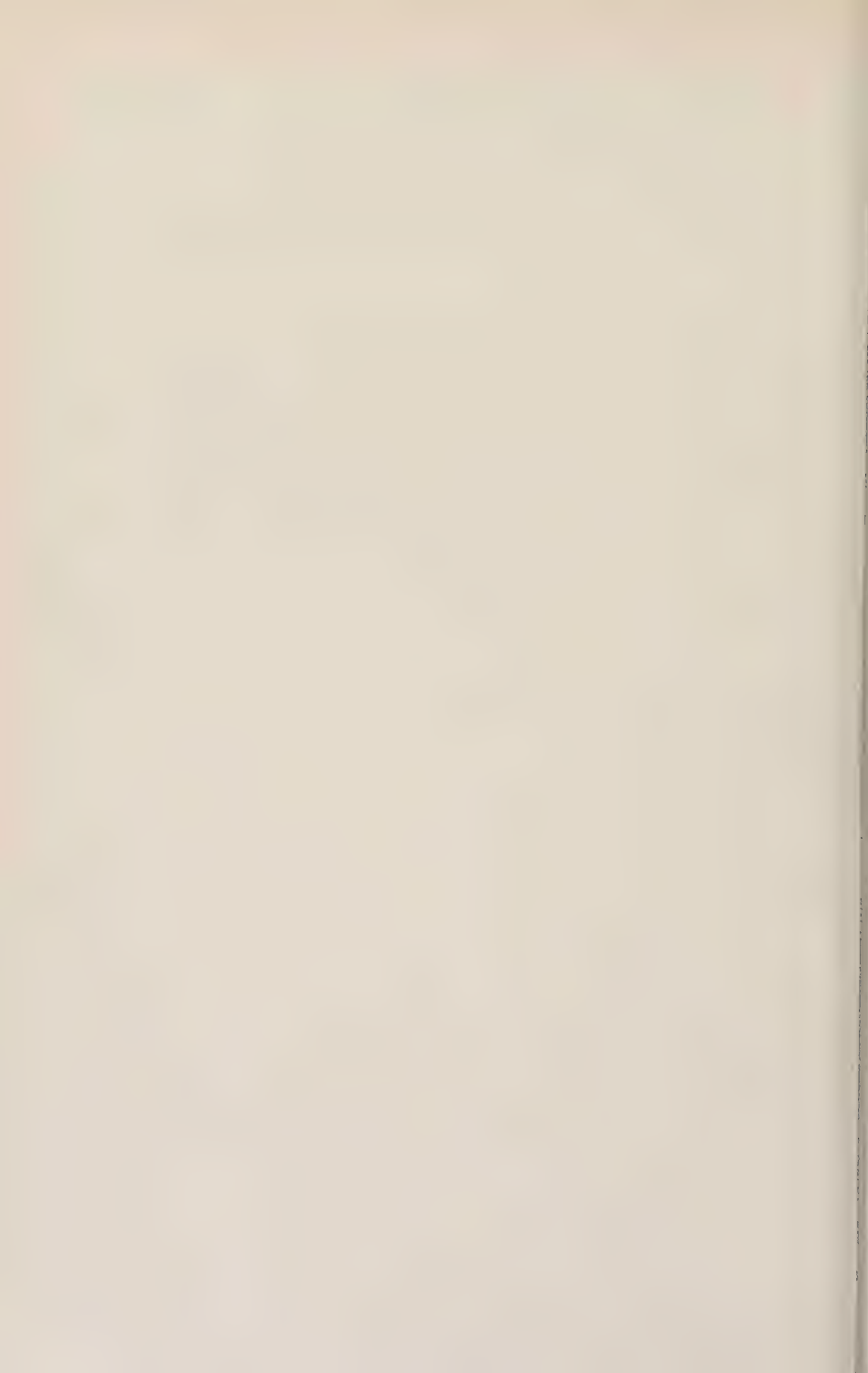
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Letters in possession of Hon. Newton T. Baker, Prof. R. T. Ely and A. E. Peters.

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